

STAGECOACH PROPERTY OWNERS ASSOCIATION

PO Box 774845, Steamboat Springs, CO 80477

Directors' Meeting, April 6, 2013

The Directors of the Stagecoach Property Owners Association (SPOA) met on Saturday, April 6, 2013 at the Stagecoach Fire Station for their regularly scheduled quarterly meeting.

Members Present: Tom Watts (President), Skip Moyer, Mike Koponen, Tonja Elkins (Vice President), Arthur Fine, Robert Skorkowsky, Ken Jones (Treasurer) and Ann Holmes (Secretary)

Staff Present: Ken Burgess (General Manager), Corky Fisher (Project Manager)

Also Present: Tony Stitch

Tom Watts called the meeting to order at 9:04am.

Public Comment

Tony Stitch read a statement regarding his understanding of the fiduciary responsibility of the Board regarding the Horseback Road Fund. He made several demands. His first demand is that the directors reimburse him from the Horseback Road Fund for his cost of installing electric lines in portions of Horseback, in 2007, in the amount of \$113,910.84. His second demand is that the directors recover from Horseback lot owner Kim Wright the sum of \$11,823.60 previously disbursed to her from the Horseback Road Fund to reimburse her for approximately 60% of the cost of improving a portion of Seneca Trail to Routt County road standards. There was no other public comment.

Ratification of 1/12/13 BOD Minutes Email Approval

Motion: Ann made a motion to accept the January 12, 2013 meeting minutes including emailed corrections as published in the newsletter. Art seconded and the motion passed.

Ratification of Appointment of Moyer as ACC/Rules Committee Chair

Due to the resignation of Frank Murphy earlier. Tom asked Skip Moyer to take on the chairmanship of the ACC/Rules Committee. He accepted.

Motion: Tonja moved to accept the appointment of Skip Moyer as the ACC/Rules committee chair. Ann seconded. The motion passed.

Skip reported that two others have submitted resignations. Skip then noted that Rene Muller who lives in Morningside would be willing to serve on the ACC.

Motion: Skip made a motion to appoint Rene Muller to the ACC. Mike Koponen seconded. The motion passed.

Motion: Skip made a motion via email in March to delay expenditure of the \$5,000 that had been previously allocated for a Whiffle Tree Trail soil report. Mike Koponen seconded Skip's motion. Mike Koponen, Ann Holmes, and Skip Moyer voted in favor. Tom Watts, Robert Skorkowsky, Art Fine and Dave Hackett voted against. Ken Jones abstained. Tonja did not vote. The motion was not carried.

Road Building/Survey of Association Members-- Discussion

Tom noted that there appears to be a divergence of opinion developing among the directors concerning the role that SPOA should play with respect to road building in the southern subdivisions. Tom felt it would be a good idea, therefore, to convene a general discussion on the matter. To insure that all the directors have the same information, the road building discussion will be preceded by reports on the current financial condition of SPOA and the status of major projects:

- Ken Jones then distributed a report comparing the current cash position of SPOA with the cash position in prior years. He also spoke about delinquent dues and compared actual collected dues to annual budgeted dues. Ken concluded that SPOA's cash position has declined and that SPOA needs to continue to "live within our means."
- Tom then referred the directors to a spreadsheet, previously provided, showing income and expenses for the seven months ended March 31, 2013, and comparing those with the budgeted income and expenses. Ken Burgess spoke to each item on the spreadsheet, including the non-operating expenses and responded to questions from directors.
- Ken Burgess then proposed a number of changes to the approved budget to reflect actual and anticipated additional expenses. This elicited a question as to why it was necessary to increase line item budget amounts. Tom responded that it was his understanding the purpose for setting specific line item budget amounts is to place a restriction on the spending authority of the General Manager. The policy adopted by the Board is that the Board's employee, namely the General Manager, is authorized to spend operating funds, in his discretion, for line item expenses, up to the total approved for the year for the particular line item account. For some accounts, such as "office supplies", Ken B. has already exceeded the budgeted amount, so we need to ratify those expenditures by increasing the line item in the budget. For other accounts, such as "attorney's fees," we anticipate a need for additional spending authority since we expect to undertake an aggressive program to collect delinquent dues.
- Ken B then discussed a list of previously approved non-operating expenses that he is proposing to rescind.

- Robert then spoke about rescission of some of the spending previously approved for logging. In this regard, Robert distributed a report showing all income and expenses associated with the multi-year logging project. His report shows that SPOA has spent about \$6,700 less than the directors authorized for logging contracts. He recommends holding back some of those funds just in case there are any unexpected problems. He believes we could rescind approximately \$5,000.
- Corky spoke about Halter Trail soil testing and road construction bids. Landmark Consultants produced road construction plans sufficient for bid solicitation at the end of March. There were six contract companies who expressed interest in bidding but ultimately only one company submitted a bid based on the bid package. Mike asked about additional costs. Corky reported that he would anticipate additional costs for surveying, material testing, quality control, permits, storm water management, disposal, possible access road damage repair and other administrative expenses. Skip asked about estimating those additional costs. Tom reported that they are obtainable. Skip brought up maintenance. Tom asked to defer that conversation. Tom asked about Kim Wright's expense on the road to her house. Ken Burgess reported that her cost was about \$33 per lineal foot, but there was some road base and other material already in place.
- Corky also reported on Whiffle Tree. He has an estimate from NWCC to perform a soil analysis and provide estimated material quantities for approximately \$4,300.
- Tom then gave a status report on the covenant amendment ballot: To date, the owners of 753 lots have voted yes and the owners of 228 lots have voted no.
- Tom then reported on the key costs of going off the grid. Tom's costs for a photovoltaic electrical system, a septic vault, and a well were about \$45k back in 2008.
- Tom then explained a proposal to solicit agreement from lot owners to build Halter Trail that could be put into motion, regardless of the vote on the covenant amendment. Under Tom's proposal, a communication would go out to the lot owners along Halter Trail informing them about the costs for building a road in front of their lots, based upon the one bid received to date, plus additional information. The letter would state a cost for each lot owner and would ask them to respond whether they would be willing to incur that cost in return for the construction of a county-standard road in front of their lot. If the board determined that the responses were sufficiently positive (based on predetermined qualifications), this positive response would trigger the next step, which would involve the drafting of a legally binding "subscription agreement." Lot owners would be asked to sign a document committing them to pay their share of the cost, on the condition that a sufficient number of the other lot owners do likewise. If a sufficient number of lot owners signed, an escrow account would be opened and a deadline would be established for paying the funds into escrow. Only if the total funds exceeded a predetermined amount would the escrow close and the funds be disbursed to fund the construction. Bids would be finalized and contracts would be signed. Tom noted that the proposed covenant amendment would significantly assist with this process (especially with enforcement) but is not required.
- Robert then explained a proposal for Whiffle Tree that is similar to Tom's proposal for Halter Trail. He thinks that he should be able to interpret from Halter Trail a ballpark

estimate for constructing Whiffle Tree to the county standard. He recommends sending a letter to the 48 lot owners along Whiffle Tree with a similar proposal. In addition, the letter would request that those lot owners pay for construction design documents. Corky noted that Whiffle Tree also involves cul-de-sacs.

- Skip then led a discussion about road building. He is concerned with SPOA being in the business of road building but agrees SPOA should be in the business of road building facilitation. He first asked Tom about the timing—should SPOA wait for covenant amendment decision before the roads projects just discussed. Tom responded that he thinks the covenant amendment process might last well into 2014. He is concerned that the road bids currently on the table are time-sensitive and there is momentum that could be lost.

Mike is concerned that this road building is SPOA driven and not lot owner driven. He would feel much better if lot owners had approached SPOA about these roads. Skip noted that he is concerned that without the enforcement component, individual lot owners might be upset that they end up paying but their neighbor might not. A question was also raised whether the directors expose SPOA to damage claims if we proceed as proposed. Tom responded that so long as the letters accurately report the facts, as known at the time, and as long as no spending is triggered until all cost contributions have been collected and all contracts are in place, he does not see any basis for someone to make a damage claim.

Ken Burgess stated that the next step should be to approach the Halter Trail lot owners to gauge their interest based on what SPOA has learned. If the answer is “no” then the discussion ends...if, “yes,” it may usher in a new era of road building in Stagecoach. Road maintenance should be addressed in the initial communication.

Mike asked why Halter Trail. Tom responded that a higher percentage of favorable responses from the dues increase request were from Halter Trail lot owners. Mike asked about board members who own lots. Both Art and Robert own lots on Halter Trail. Mike emphasized that full disclosure is necessary. Tom agreed. He also clarified that he has received significant positive encouragement (which he has passed on to board members via email) for road building in the southern areas.

Skip wanted to know why SPOA is spending so much money to get information. He believes in coming at these issues with a plan and an overall strategy. In Skip's view, SPOA needs to know what owners want to do. Tonja believes that the only way to encourage growth is for these properties to exchange hands. These properties need owners to be excited about building on them. Ann would like to see a general membership survey (electronically). Skip then referred to the Board Survey dated December 2012. The top two priorities noted were roads and consolidation. He also distributed a “draft letter to southern sub-division lot owners.” The letter is meant to share information on what SPOA has learned thus far regarding what it might take to build on a lot—off the grid or with roads. His concept is to then gather information on what lot owners might want as far as building information and as far as consolidation. Skip noted that SPOA does not have much more than \$20K per year available each year beyond normal operating expenses.

Tom added that he does not believe that people respond to surveys accurately (often because they don't truly know what they will do for sure until it comes down to actually paying for things). Skip noted that there are many owners who just want out. Tom added that asking them if they want to build on their lot would definitely not give SPOA valuable information. Tom wants to separate this survey from the Halter Trail project he is proposing. Robert then spoke up that he agrees with an inexpensive survey but that the current draft prepared by Skip needs to be restructured—he is against surveying to get an expected response. Ken Burgess clarified that what the board is talking about is surveying to get a pulse but, as Tonja noted, SPOAs ultimate goal should be to encourage growth. He noted that reviewing where people have built in the past shows that there was something, like power lines, that encouraged peoples' interest in building.

Tonja is concerned about the integrity and thoroughness of the email list. Tom and Ann noted that southern lot owners might require a mailed survey. Art talked about the benefits of phone calling and having a discussion. Skip then talked about one result from a survey might be better understanding about how many lot owners want to sell their lots. Posting that number in the newsletter might help realtors and facilitate change in ownership. Tom said that his experience is that some people are on the fence—they could sell or maybe if they could buy and consolidate lots around them, they might be able to do something. Robert had an idea of putting something in the newsletter about how one might go about buying lots around them or building infrastructure. He also had an idea about donating land for common areas. Ken Jones suggested that the realtors who are interested in helping people consolidate and sell might be a good source of information to owners.

Action on Budget, Road Building and Survey Proposals

Tom then asked for votes on the previous discussions.

Motion: Tom made a motion to authorize sending a letter to the lot owners adjacent to the 4,280 linear feet of Halter Trail for which we have received construction plans notifying them on the status of our efforts; and asking them if they would agree to pay a sum of money as a form of approval to construct that road along Halter Trail. The board would approve the amount of money solicited from each lot owner before the letter is sent out. Ken Jones seconded the motion.

A discussion followed. Art noted concern about proceeding without the covenant amendment approval. Tom and Robert noted that the motion is only for a letter. Tom will draft the letter and send it to the board for discussion and approval.

The motion was approved.

Skip decided to defer a motion or action about sending out a membership survey.

Motion: Robert made a motion to authorize utilizing SPOA funds to send out a letter to the Sky Hitch II property owners in the Whiffle Tree road development project area for the purpose of sharing information and seeking replies regarding interest in implementing a project that would bring Whiffle Tree Road to County road standards. The mailing will include a stamped addressed envelope for returning the reply—the form of the letter to be approved by the board before being sent. Tonja seconded the motion.

A discussion followed. Skip asked about how Robert would come up with an estimate. Robert responded that he would use County data and a rough estimate from Landmark in combination with the Halter Trail estimates. Tom clarified that SPOA has already approved \$5,000 for soil samples.

Tom asked Robert and Tonja to delay a vote on their motion. They both agreed.

Motion: Skip made a motion to rescind the \$5,000 previously allocated for engineering studies on Whiffle Tree. Mike seconded the motion.

A discussion followed. Robert reminded the board of the discussion with Josh during the last board meeting about the need for more information. Skip does not think it is necessary to spend \$5,000 before the letter is sent. Tom agrees that it is possible to gauge the interest on Whiffle Tree without the soil samples and even if we were to have the soils analysis done we would be far from being able to state an accurate figure for road construction costs.

The motion passed with 5 approvals and 3 disapprovals.

Robert then withdrew his motion. Tonja approved.

Motion: Robert made a revised motion for SPOA to authorize utilizing SPOA funds to send a letter to the Sky Hitch II property owners in the Whiffle Tree road development project area for the purpose of sharing information and gauging interest in implementing a project that would bring Whiffle Tree road to County road standards. The estimate will be based on the rate developed for Halter Trail and it would be clarified that soil work and engineering work had not been done. The form of the letter is to be approved by the board before being sent out. Tonja seconded. The motion passed.

Motion: Tom made a motion to increase the line item authorizing legal expenses from \$2,500 to \$6,500; increase the maintenance of trails line item expense from \$2,500 to \$3,420; increase the lien expense line item authorization from \$300 to \$1,000; increase the maintenance playground line item expense from \$2,600 to \$3,600; increase the meeting expense from \$1,000 to \$2,200; increase the newsletter/letters line item expense from \$2,300 to \$4,800; increase the postage line item expense from \$2,200 To \$4,200; and add a new line item expense to the budget for equipment maintenance of \$300. Art seconded. The motion was approved with Mike voting no.

Motion: Tom made a motion to reduce the contract labor line item authorization from \$5,000 to \$3,220 and increase the Wages-General Manager line item from \$18,000 to \$19,780. Mike seconded and the motion carried.

Motion: Tom moved to rescind any pending non-operating expense authorization that was made prior to January 1, 2010. Skip seconded and the motion carried.

Motion: Tom moved to rescind the prior authorization to donate \$350 to Eagles Watch for the bus shelter paint. Skip seconded and the motion passed.

Motion: Tom moved to rescind the 2011 authorization of \$4,000 for a burn supervisor. Ann seconded and the motion passed.

Motion: Tom made a motion to rescind the prior authorization of \$1,500 for an Omega Way sign. Art seconded.

Ann asked for another 60 days.

Tom and Art withdrew the motion.

Motion: Tom moved to rescind the prior authorization of \$5200 for the repair of the first Filly Trail. Ken Jones seconded.

Mike asked to keep this open.

Tom and Ken withdrew their motion.

Motion: Tom moved to rescind the prior authorization of \$2,500 to repair Stampede Way. Robert seconded.

Corky noted that they still want to go forward on this.

Tom and Robert withdrew the motion.

Motion: Tom made a motion to rescind the prior authorization of \$2,500 to repair a fence at Wagon Wheel. Ann seconded.

Tonja asked to wait.

A vote was taken. Tonja and Mike voted no but the motion passed.

Motion: Robert made a motion to rescind \$5,000 of the amount previously authorized for logging contracts. Mike seconded. The motion passed.

Covenant Amendment/Director' Meeting/Annual Meeting

Tom set the stage for the covenant amendment discussion by stating that the vote so far is $\frac{3}{4}$ in favor and $\frac{1}{4}$ against. The board should and will continue to encourage lot owners to submit their ballots. However, it is possible that we will not get a sufficient response from either the "yes" votes or the "no" votes to decide the matter conclusively. In that event, the Colorado statute known by the initials "CCIOA" provides an alternative: SPOA can petition the District Court in Steamboat Springs for court approval of the covenant amendment. In order to file such a petition, the following must be true:

1. The proposed amendment must have been provided to people in writing
2. One meeting of the membership must be called to discuss covenant changes
3. More than 50% of what is required to approve an amendment as set forth in the covenants have said yes (for SPOA, this means at least 900 lots voting "yes")
4. Not more than 1/3 of the lots have voted against the change.

Tom discussed the court route: First SPOA would file the petition with the district court and notify all lot owners that it has done so. The owners would then have the right to appear in court and voice their opposition.

Tom would like to proceed on two tracks. First, SPOA should hope to get the 1476 votes needed. In the meantime, SPOA should prepare to proceed with the court route. In order to meet the requirements of CCIOA, a meeting needs to be set. He would like to set a meeting of the membership for June 15th. Tom is recommending that this meeting be noticed in the newsletter.

SPOA governance requires the annual meeting occur on a Saturday in July. Tom is proposing an annual meeting be scheduled for July 27th; a board of directors meeting be scheduled for July 6th; and a special meeting to explain the covenant amendment request be scheduled for June 15th. The governance requires a 30-day advance notice by mail of the annual meeting. Tom recommends that to be safe, that SPOA notify the membership of both the special meeting as well as the annual meeting in the same mailing (also newsletter and email notifications).

Tom noted that a fiscal year that begins in September should have a dues assessed at the beginning of the fiscal year rather than six months after the start of the year, as is now the case. Currently, the governance policies for SPOA require that dues be assessed in February.

Motion: Tom moved, pursuant to Section 6 of the governance policies, to informally approve an amendment of the governance policies to provide that annual assessment of dues be made September 1 with payment no later than October 31. Ken seconded.

Ann is concerned about the perception of the membership. Skip wondered about how to justify this to the membership. Tom noted the incredibly time consuming process required to push and pull money from reserves. It is a cash management concern. SPOA is always in the position of advancing money from reserves to fund the first six months of operations, and then paying back the reserves. As a result, the directors are never sure how much they will have available for needed capital improvement projects. Tom expects to communicate this in the letter announcing the annual meeting. Tom also commented that the budget should be set in July.

A vote was taken. Ann Holmes voted no with the rest approving the motion. The motion was approved.

South Shore Bus Turn Around/Mailbox

Tom handed out the site plans and floor plans for a mailbox enclosure at South Shore, together with a bid for construction in the amount of \$26,900 from Khristian Hewitt, a South Shore resident and contractor.

Motion: Tom made a motion to approve the funding of \$17,800 in SPOA funds for the construction of the structure and the mailboxes contingent upon Tom raising the remaining funds necessary (project total of approximately \$28,800) from the South Shore residents. Tonja seconded the motion.

A discussion followed. Ken asked about the impact on SPOAs cash position. Art asked about where mail is currently being delivered. Tom reported that some people currently get their mail at a PO box while others have erected boxes that get knocked over from time to time. Tom reported that this area was originally designed to be a gateway project for the South Shore neighborhood. Tom reported that a great deal of work has been done already and that they are hoping to add a touch of class to the area. Tom reported that there were more than enough funds for this project when the subdivision funds were separate. Now those South Shore funds are part of the general fund. So, he is coming to the board and requesting SPOAs financial support for this project. As with many other projects SPOA has supported financially (either entirely or a portion), Tom is requesting that the board approve some financial support for this project. Tom quoted Dave Hacket about creating a Stagecoach style. He believes this project could be a way to see what a Stagecoach style might look like. Skip is more concerned about reserve funds. Tonja noted that the project looks unfinished as it stands.

Ken Jones asked Tom to amend the motion to state “SPOA funding of 50% of the project not to exceed \$17,800.” Tom and Tonja agreed. A vote was taken and the motion was defeated.

New Logging Project – Reduction of Fire Danger to Homes & Property

Robert reported on the grant application for a new logging project. He reviewed the application and matching that would occur. The SPOA lot owner dollars required in the grant equals \$53,750.

Robert addressed the need for further logging. The pine beetle trees present a safety and fire hazard. There are approximately 1000 acres remaining to be cleared. Robert has identified about 400 acres as high priority because of homes in those areas. He is proposing that lot owners would be required to clear their lots of dead trees in these high priority areas. Lot owners could coordinate themselves or SPOA could use the grant (if awarded) to help offset the cost by coordinating the effort, or SPOA could pay for it (approximately \$1,050 per acre).

Tom commented that at this stage SPOA is far from hiring a contractor. SPOA could send out a letter telling people to clear their lots.

Tom said that a motion would need to be made for approval to send a letter to lot owners identified in Robert's report stating that their lot has been deemed to be a hazard. Tom then asked Robert to identify individual lots before making a motion. He noted that any approval on the grant should be known by mid June. Acknowledging that logging needs to occur, Tom asked that the discussion be tabled until the next meeting. Ken Burgess also asked that a draft of a letter be prepared.

ACC/Rules Committee

- Corky discussed the abandoned vehicle on Maverick Way. The lot owner where the vehicle was abandoned pulled it into the right-of-way. Eventually the Routt County Sheriff ticketed the vehicle and it was towed away at no cost to SPOA.
- Corky reported on Mr. Scrafford. He has cleaned up his property a bit and moved abandoned vehicles onto his yard. His dues are in arrears and he is still in violation.
- Skip spoke about Mr. Kressig. He built a shed and operated a commercial operation on his property. A hearing was held at ACC with Kressig. A letter was crafted identifying the violations and how things can be mitigated as construction on his house progresses.
- Skip reported on Mr. Kidder. Skip has sent a letter spelling out Mr. Kidder's violations and there will be a hearing shortly. Corky reported that the offer made by the board to purchase the property has received no response. There may be 3rd party ownership of tax certificates.
- Skip reported a Mr. Sandlin has requested to build a home in Morningside. Corky pointed out a partially finished house that was up for sale in Morningside and Mr. Sandlin may purchase the property.
- Skip reported developing ACC standards on issues like cutting trees.

Motion: Skip made a motion to publish the proposed Policy on Property Owners Cutting Beetle Killed Trees that he presented, with the idea that the policy would be formally approved at the July 6th meeting. Tom seconded.

Tom asked to remove the last bulleted item. Both Skip and Tom agreed to amend the motion. Robert asked about the 20 foot figure. Robert passed out a guide from the forest service. Robert asked to remove the sixth bullet point and replace it with the following: "Prior to any burn, the fire district requires a burn permit." Skip and Tom agreed to the amendment. A vote was taken and the policy was approved for publication, as amended by the discussion.

- Skip is looking into writing up guidelines. He will be addressing items like partial structures and generators in these guidelines. He will come to the board with these.
- Skip spoke about delinquent accounts. He has identified about \$50K in dues that have never been collected over the years. Mr. Dashow is an example of someone who owes a significant amount (\$7,900) who has agreed to pay most of it after having a conversation with Skip. Skip would like to have approval from the board to start calling some of these individuals. Tom believes that it does not require board action for Skip to exercise the ACC authority to collect on dues as long as the cost does not exceed budgeted line items.

Nominating Committee for BOD Nominations

Tom reported that there are three spots opening up in July. Tom is terming out. Ann and Tonja are available for reelection if they so choose. Tom asked for volunteers for the nominating committee. Tonja volunteered but cannot serve since she could be up for reelection. Corky and Robert volunteered. Another member is needed so Tom asked Robert to ask Josh or find another willing lot owner.

New Business

Charter School - Robert reported on the email he sent out earlier. Robert reported that in his opinion, Stagecoach needs a school. Some Stagecoach residents and others have expressed interest in a charter school. Robert has started conversations. The process involves submitting an application by October for the following year. He is making an assumption that there is a broad enough interest. Robert is willing to head up a project to submit an application. Everyone but one board member expressed interest in looking into a charter school application. An interest survey is required for the application. Then an application needs to be filed (Robert recommends hiring someone to facilitate this process).

Motion: Robert made a motion to authorize spending up to \$1,500 of SPOA funds to hire Jenny Lewis to conduct an education survey to gauge the interest in the formation of a Stagecoach charter school with the results to be presented before the July meeting. The survey will include Stagecoach as well as some of the surrounding communities. Ken Jones seconded.

Tom expressed concern about spending SPOA funds to survey people outside of Stagecoach.

Robert agreed to amend the motion to be specific to the Stagecoach area. He and Ken Jones agreed to amend the motion to read, "...to authorize not more than \$800 for a survey of Stagecoach property owners." A vote was taken and the motion was approved.

Motion: Art made a motion to move into executive session at 3:40pm. Ken Jones seconded and the motion was approved. Art moved to exit from executive session at 4:06 p.m.; Skip seconded; and the motion was approved.

The meeting was adjourned at 4:06 p.m.