

Stagecoach Property Owners Association
Minutes of the Annual Meeting of Members
SOROCO High School
July 21, 2018 – 9:00am

John Troka called the meeting to order at 9:05 am. He introduced all Board members present which included himself, John DiNicholas, Vicky Weber, Matt Kauffman and Rob Walker. Also present were Community Manager Bryan Ayer and Association Managers Steve Gadbois and Beau Riley from the Association's management company, Steamboat Association Management.

With 326 of the owners represented in person or by proxy, a quorum was established.

Approval of minutes of 2017 Annual meeting

The annual meeting minutes from July 22, 2017 were presented to the ownership. Property owner Kate Rachwitz made a motion to approve the 2017 annual meeting minutes as presented. Property owner Melaine Thompson seconded the Motion. Motion passed without dissent.

Presidents Report – John Troka:

Water Well Update: In the Fall of 2017, Morrison Creek Metropolitan Water and Sanitation District (the "District") imposed a moratorium on issuing new water well and sealed sanitary vault permits. The District rescinded the moratorium in February of 2018. For owners seeking water well and vault permits, the District will continue to operate pursuant to their Intergovernmental agreement with Routt County. There will be a minor procedural change in the water well permitting process. Specifically, the District will first send all well permit applications to the Colorado Division of Water Resources for their approval prior to the District approving an owner's application.

For lot owners not requiring a vault permit, the District is changing the water well permitting process. Currently, lot owners apply for a water well permit through the District who permits the water well in the District's name. In light of recent rulings by the Colorado Division of Water Resources, the District has various legal and liability concerns with the current process and intends to change the process. Specifically, owners will apply for water well permits directly with the Colorado Division of Water Resources and if approved, the wells will be permitted in the name of the property owner. This change by the District causes an issue for SPOA members as the Association's covenants prohibit lot owners from drilling individual water wells on their lots. SPOA has negotiated a delay in the District's implementation of the new permitting process with their Board. The District has agreed to allow SPOA adequate time to seek approval from the membership for an amendment to the covenants allowing individual

lot owners to permit and drill water wells. The ownership has been informed that a proposed amendment to the covenants to address this issue will be sent out to the ownership to vote upon within the next year.

Stagecoach State Park Projects: Owners were briefed on discussions between the SPOA Board and representatives of the Stagecoach State Park about two projects the State Park would be working on in 2018. The first project involves the construction of an access point and trail from the park into the BLM parcel that stretches from an area close to the reservoir dam over and across to the area North and East of the South Shore subdivision. In 2017, SPOA closed public access to the BLM parcel at the top of South Shore by securing the common area where the public was crossing with a fence and signage stating that the common area crossing was only for Stagecoach Owners and their guests. As a part of the project, the State Park in cooperation with the BLM, is intending to construct a public parking lot and trailhead at the end of Arapahoe Road. The parking area and trailhead will be constructed on parcels that do not belong to the Association and are accessed by the platted public right-of-ways in the South Shore subdivision. While the SPOA Board understands and supports the public's right to use the BLM parcel, it requested the State Park forego constructing the new parking area and direct the public to use the existing parking area on the north side of the Stagecoach dam to access the new trail. More information on the project can be found on the website at www.stage-coach.com.

The second project entailed changes and improvements to the Morrison Cove day use area. The State Park intends to increase the beach space as well as add picnic areas, boat moorings, and a swim platform. They also intend to restrict Morrison Cove boat launch to non-motorized water craft due to the limited volume of motorized watercraft using the area and the lack of funding to staff the boat inspection station.

Wildfire mitigation: Owners were provided an update on the Association's ongoing wildfire mitigation efforts. Specifically, SPOA has contracted with the Natural Resources Solutions Group (NRSRG) over the past two years to consolidate and burn the slash piles left from the 2012 beetle kill mitigation efforts. Between the Fall of 2017 and Spring of 2018, NRSRG burned 59 piles eliminating a total of 136,000 cubic feet of potential wildfire fuels. The piles burned areas included the Community pile and the those in the areas of Colt Trail, Filly Trail, Bridle Way, King Bolt, Surrey Trail, Bigwhip Way, Wagon Wheel Trail, Cinch Trail, Shay Way, Bucking Way, and Wagon Box Way.

The Board has also been working with NRSRG on a Stagecoach community wildfire mitigation plan. Although the dead timber from most of the SPOA common areas and public right of ways has been removed, there still remains a tremendous amount of standing dead and fallen trees on individual lots. The Board is working with NRSRG on pursuing available State grants to help owners with the expense of removing these

wildfire fuels and creating a FIREWISE certified community which encompasses property owner education, signage and community relations with the Oak Creek Fire District.

Road Maintenance: The Association continues to focus its road maintenance efforts on critical road segments and failure points that directly impact the ability of owners and fire and safety services to access lots and common areas of the Association. Recent projects have focused on fixing drainage issues that are undermining the existing roadways. These efforts include grading of main arterial roads to establish better water run-off and replacing culverts that have failed or are failing and unable to adequately direct water flows. Last fall work was completed on drainage projects on Filly Trail and at the intersection of Whiffle Tree and Shay Way. The Board will continue to assess critical road maintenance and drainage issues and make repairs consistent with available funding.

SPOA has road maintenance agreements with Routt County for the Horseback, Morningside and South Shore subdivisions. There are several roads in these subdivisions that currently serve no residences that have not been maintained by the County per the agreements. This issue came to light when a lot owner seeking a building permit on a road covered by these agreements was denied the permit until the road was improved. The Association met with County officials to review the existing agreements and the County acknowledged they have maintenance responsibility for roads in these subdivisions. As of the annual meeting, the County had performed some preliminary maintenance work on several of the identified roads that had not been adequately maintained.

Trails and Recreation: The Association continues to receive positive feedback and support for the construction of a community trail system. In the past couple of years SPOA has built community trail segments within the Association's common areas near Schussmark Trail and also off of CR 212. The next step is to work on an overall Master Trail Plan that would encompass the recently built trails, the public trails at the Neighborhoods at Youngs Peak, possibly a new trail system that the owner of Young's Creek would like to incorporate as well as other previous planned trails throughout South Shore. The Master Plan, when completed, will serve as the roadmap for the construction of new trails as funding permits.

Neighborhood Grant Program: SPOA offers a grant program to help promote neighboring activities and neighborhood revitalization by providing financial assistance up to \$500. Groups of property owners can apply for grants to help with several activities including neighborhood clean-ups, beautification projects and common area improvement projects just to name a few. Grants are awarded two times a year with deadlines for application on May 15th and August 15th. Interested parties can contact the Community Manager or the application can be found online at www.stage-

coach.com. The most recent approved grant application helped fund a large dumpster for the Rock Point Trail neighborhood spring cleanup effort.

Stagecoach Mountain Project: In the past year there has been much talk about the purchasing of the ski mountain by new investors. At this time, that project is dead. The sales office in Steamboat Springs is closed and the website has been taken down. The Board will continue to monitor and provide updates of any new developments related to the ski area property.

Owner Participation in the Association: There are many opportunities for owners to get involved in the community and they are encouraged to do so. Every year there are three Board positions up for election. There are also committees for architectural control, roads, and ad hoc projects such as helping with the proposed covenant amendments and community events. The Association also needs project coordinators to help drive and facilitate various initiatives and help bring owners together. In addition to working with the Association, there are also other opportunities to help the Stagecoach community by helping with the Oak Creek Fire Protection District, Morrison Creek Metropolitan Water and Sanitation District or the South Routt County School District.

Treasurer's Report – Matt Kaufmann:

Matt presented a financial summary for the current fiscal year through June 30, 2018 including the balance sheet, income statement for operations, and project/reserve spending report.

Total assets at the end of June was \$646,328. Of this balance, \$586,706 is cash including \$157,145 of restricted road funds held for use in the Horseback, Morningside and South Shore subdivisions.

Operating income from annual assessments for the period January through June was \$57,751 with other income (i.e. finance charges, late fees, fines, etc.) of \$3,608 for a total income of \$61,359.

Operating expenses for the same period totaled \$50,748. These expenses include management fees, professional services including accounting and legal, insurance, maintenance costs, including the grooming of the Nordic trail and the maintenance of the Coyote Run playground as well as meetings and postage.

Through June 2017, the Association's YTD **operating surplus** (income minus expenses) is \$10,610.

Project/reserve income through June from annual assessments and interest was \$75,452. YTD project/reserve spending was \$26,315 which includes \$21,850 in wildfire

mitigation, \$529 for covenant enforcement, \$500 in neighborhood grants and \$3,436 in legal expenses regarding common area ownership and water well issues. These expenses were offset by the net proceeds of \$4,616 from the sale of a lot previously obtained through foreclosure for unpaid annual assessments.

Through June 2017, the Association's YTD project/reserve surplus (income minus expenses) is \$53,753.

Restricted Funds income reflects \$78 of interest income earned on funds held. There are \$2,262 of legal expenses. These costs are associated efforts to change the language in the current road agreement with Routt County to allow the excess restricted road funds to be used for other capital improvement projects within South Shore and Morningside.

Accounts Receivable: At the end of June 2018, net accounts receivable was \$49,568. Eighteen members owning twenty-one lots are delinquent 3 or more years and account for 30% of the accounts receivable balance. Of the receivable's balances, 34% is for owners who owe no more than the current year's assessment. By state statute, the Association has liens on all properties where owners are past due on payment of their assessments. For owners with long outstanding assessments owed, the Association will pursue foreclosure of its liens if it is determined to be economically sensible.

The 2019 budget and assessment were discussed by John Troka. The assessments for 2018 were \$120. Contributions to the project/reserve fund balance have increased in the past couple of years while the portion of the assessment to fund the annual operating expenses of the Association has been relatively consistent between \$45 to \$50 annually. In accordance with the Association's covenants, the maximum allowed annual assessment for 2019 is \$123.97/lot. The final 2019 assessment will be determined by the Board when the 2019 budget is adopted this fall. Notice of the annual assessment for 2019 will be sent to the ownership at the end of November.

Board of Directors Election:

The SPOA Board is made of nine members of the Association who each serve a three-year term. There are three board positions up for election every year. For the 2018 Board election there are four positions due to the resignation of a board member whose term was not expiring in 2018. Three positions are for full three-year terms and one is to fill the remaining two-years of a term. In addition to current Board member Rob Walker, three other members, Kayleen Cohen, Scott Okerstrom and Kate Rachwitz stood for election and the floor was opened up for additional nominations. There were no nominations from the floor and thus the nominations were closed.

As there were four candidates to fill the four available board positions, a motion to elect the nominated candidates by acclamation was made from the floor by property owner Tony Borean. Property owner Susan Hartley seconded. Without further discussion the motion passed without dissent.

Member Comments and Discussion:

The floor was open to members for general discussion. Most of the discussion focused on building in Stagecoach and the clarification of the specific requirements to do so. Some discussions/points of note:

You do not have to consolidate to five acres or more to have a water well. You do need to have five or more acres if you would like to utilize an approved septic system versus a sealed sanitary vault.

The original developer Woodmoor built some but not all of the platted roads. As an organization, SPOA was never intended to be responsible for constructing and maintaining county standard roads and our governing documents do not support the Association acting in this role. As far as the road work that is being done, it is focused on preserving the roadways that do exist and providing primitive, dry weather access to all lots and common areas within SPOA. It is important to understand this level of access does not meet the requirement for obtaining a building permit. For an owner to obtain a building permit, an applicant needs to have a road constructed to the standards as defined by the Oak Creek Fire District for fire protection and, if utilizing a sealed sanitary vault, Morrison Creek Metropolitan Water and Sanitation District to ensure access by a vault pump truck.

To complete all undeveloped platted roads to the required standards would be a multi-million-dollar project. There are several mechanisms available to homeowners to finance road construction, but they all require consent by a majority of property owners (60% to 67% depending on the specific mechanism chosen) since it is the property owners who pay for the road construction. One of these mechanisms is the “special assessment” amendment approved by SPOA members in 2015. With this amendment, smaller groups of lot owners can get together and chose to assess themselves an amount, in addition to the Association’s annual assessment, to fund capital improvement projects that specifically benefit their properties.

Proposed Covenant Amendments:

John Troka discussed the proposed covenant amendments that the Board has been drafting based on the feedback and input of the membership. The draft amendments were provided as a handout at the meeting and are posted on the Association’s website. In general terms, the proposed covenant amendments would change Article V; Section

m. Animals to allow the keeping of chickens and riding and pack animals on qualifying lots; Article V, Section f. Temporary Residences to allow one (1) trailer whose purpose is sporting or recreational to be parked outside of an enclosed space and to extend the time allowed for parking of a trailer during construction of a residence; and Article V, Section g. Water to allow property owners to drill individual water wells.

The proposed amendments are in draft form with final versions to be developed by the Board before sending out to the entire ownership for a vote. An affirmative vote from the owners of 1,498 lots/units (67% of the total 2,235 lots/units in the Association), is required for a covenant amendment to be adopted. Additionally, State law, specifically the Colorado Common Interest Ownership Act (CCIOA), recognizes that typically low participation level by owners in the voting on property owner association ballot measures make it difficult for associations to amend their governing documents. To address this issue, CCIOA provide a mechanism for an association's board of directors to seek court approval of proposed covenant amendments. To obtain court approval, the association must show that lot/unit owners of more than fifty percent (50%) of the number of affirmative votes required to adopt the proposed amendment pursuant to the declaration have voted in favor of the proposed amendment. As such, for the SPOA Board to seek court approval of any proposed amendments, it must show that the owners of at least 750 lots/units (50% of 1,498 plus 1) voted in favor of the proposed amendment.

Meeting Wrap Up:

The Board holds quarterly Board meetings and the dates are posted on the Association's website. Meetings are typically held on the third Saturday of February, April, August and November from 9:00 a.m. until 1:00 p.m. All members are welcome to attend.

2019 Annual Meeting:

The 2019 Annual Meeting is tentatively scheduled for July 20, 2019. Location to be determined.

Adjournment:

All members were thanked for attending the annual meeting and invited to stay for a catered lunch and to enjoy some social time with their Stagecoach friends and neighbors.

With no further business to discuss, a motion was made to adjourn the annual meeting. The motion was seconded and passed without dissent. The meeting was adjourned at 11:34 a.m.