

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
February 4, 2017

Board Members Present: John Troka (President), John DiNicholas, Tom Rashid, Zed Ogle, Barbara Houston and Tom Watts.

Art Fine was present by teleconference.

Management Present: Bryan Ayer, Association Manager

Guests Present: Keith Kyhl – Manager of Operations for Natural Resource Solutions Group Inc.

John Troka called the meeting to order at 9:01 am.

With 7 Board Members attending, a quorum was present.

Approval of Board Meeting Minutes and Ratifications:

Approval of November 12, 2016 Board Meeting Minutes

Motion: Art Fine made a Motion to approve the minutes as written. Zed Ogle seconded. The Motion passed without dissent.

Member Comments:

No members of the Association were present for comment.

General Business Summary: Bryan Ayer provided an update on Association business matters.

State Park Snowmobile Agreement: Craig Preston from the Stagecoach State Park has requested that they be able to use the snowmobile that is owned by SPOA in order to groom their trails around the lake. The contracted rate is \$50 per use and will be invoiced at the end of the season. Dave Keller, who grooms the Nordic trail for SPOA will drop off and pick up the machine so there is only one person transporting the machine. The Manager presented the signed contract and there was no dissent from the Board.

Snowmobiling Issues: There have been several instances of snowmobiles operating around the SPOA area along roads and in common areas as well as across private lots. When possible the association manager follows the tracks to determine who it could be and then reaches out to them and informs

them that it is a residential community and that motorized vehicles are unwanted around the area and that I receive several complaints every winter regarding snowmobiling in the area. In most cases, the snowmobilers are also crossing onto undeveloped lots which are private property and could be considered trespassing. Although this problem occurs every winter there is not an exact guideline or rule that prohibits motorized vehicles on common area within SPOA. Tom Watts volunteered to work on the language for the new guideline, which will be reviewed by the Board and then published in the next newsletter with the rule or guideline being adopted at the following Board meeting.

Newsletter: The manager suggested that the next quarterly newsletter should go out by the beginning of April and should mainly focus on Article V of the Covenants as well as adopted building guidelines. There should also be a letter from the Board that states in clear language that the Board, the Rules Committee and the members of the ACC are those responsible for enforcing the rules and that the Manager works at the discretion of the Board.

ACC/CCR/Rules: Bryan stated that he believes it will be a busy summer for applications. There are currently 5 houses under construction that were approved in the fall and one new application that has been approved for a South Shore lot.

Summary of Violations: Bryan presented a summary of ongoing violations. There is one owner that has gone through multiple processes with SPOA that has now been contacted by the county in regards to cleanup of the property. There are multiple owners that have built illegal unapproved structures. Of those owners, one has had a hearing and a decision by the board on a timeline of progress, one has fully dismantled the structure and another is still in the process of working with the manager on an acceptable direction. One of the owners in violation has not been very cooperative and has been mostly combatant. Bryan Ayer feels that he needs more backup from the Rules Committee concerning this individual and will send a letter from the Rules Committee with a deadline of July 1st to dismantle the illegal structure completely and move his camper off property or fines will be imposed. Bryan will send a draft to the Rules Committee before sending out to the owner in violation.

Another topic of discussion concerned an owner that last summer, while working on his property in Overland, was camped out in his RV most of the summer. The Manager asked for guidance from the Board on how they wanted it handled this summer. In general, in accordance with Article V of the Covenants, "No structure of temporary character, trailer, basement, tent or accessory building shall be used on any tract as a residence, temporarily or permanently, and no used structure of any sort shall be moved onto any Lot. Exceptions may be granted by the Association for a period not to exceed one hundred twenty (120) days during construction of a permanent residence by the owner on his Lot. Except for the above exception, no trailers of any type shall be placed or kept on any Lot unless such trailer is in an enclosed garage." It had been relayed to the manager that if owners were on their property in order to cut out dead, standing trees that it was in the best interest of SPOA of them to do so, and the manager would work with them in order to help with fire mitigation. In this particular case, although much standing dead was cut down on this owner's lot, his time there was unacceptable as he

still had not presented any plans to the ACC for review and thus was not allowed the 120 days during construction. It was decided to send the owner a letter stating that he is welcome to work on his property, but that he is not to place any structure of temporary character as a residence until the plans for his residence had been reviewed and accepted by the ACC.

Steamboat Association Management Concerns:

Steve O'Rourke, President for Steamboat Association Management (SAM) attended the meeting to discuss SAM's concerns regarding member communication, ACC review process, and policy and rules enforcement. Mr. O'Rourke had drafted a letter to the SPOA Board stating two areas of concern 1) the architectural review process and 2) the enforcement of rules and regulations.

Mr. O'Rourke's concern is that with the stronger economy and the possible sale of the ski area, that the Architectural review process needs to have good communication and timely results as it looks to be a busy summer. The ACC should act in a quick manner on presented applications from the Association Manager. The original process with SAM was for the Manager to send the applications to the ACC chairman who would then send it to the rest of the ACC and then gather input and votes and then inform the Manager of the result. This process has broken down and currently the Manager is sending the application information to the entire ACC, gathering the input himself and then concluding the process without participation from the Chairman. Tom Watts, the ACC chairman, expressed that he will do better with the communication and participation in the process. Mr. O'Rourke felt that if the application process does not get better and timelier that the Board should look into hiring an actual architect to provide review and to assure the applications follow the Covenants and guidelines.

On the matter of Rules enforcement, Mr. O'Rourke believes that SPOA owners have the mistaken idea that the Manager is making policy and enforcing it. This places both him and the Association at Risk and has resulted in communications from owners that have been combative and negative in nature. He believes that the Board should issue a clear statement to the ownership, providing support to the manager and describing that policy and rules development is not the responsibility of the Association Manager, but is in fact the responsibility of the Board or of a Rules Committee.

At the July 9, 2016 Board meeting, a rules committee was established with the participating Board members being Tom Watts, Art Fine and Tom Rashid. The Rules Committee membership is determined by those Board members serving in the 3rd year of their term. In order to move forward with a solution to this issue, the Manager, Bryan Ayer, will document potential violations of the Covenants and forward that information to the Rules Committee for them to decide what action needs to be taken. It was also decided that any violation letters that are sent out will include the Rules Committee member's names and contact emails.

Treasurer's Report:

Preliminary FY 2016 Financials:

Total Cash as of December 31, 2016 was \$448,582 of which \$157,850 are restricted road funds.

Accounts receivable at the end of December was \$161,009. This amount reflects unpaid amounts from the 2017 annual assessment billed in December and due on January 1, 2017.

Accounts payable as of December 31, 2016 was \$3,598. The amount owed reflects invoices for legal services, Nordic trail grooming, surveying and other miscellaneous services not yet paid.

Members Equity – Operating Fund balance as of 12/31/2016 was \$16,989.

Members Equity – Project/Reserve Fund balance as of 12/31/2016 was \$228,701.

Members Equity – Restricted Fund balance as of 12/31/2016 was \$158,850.

Operating income for the 2016 Fiscal Year was \$103,671. This amount reflects member assessments of \$104,636 less bad debt expense of \$6,168. Other Income of \$5,203 includes such items as late fees, ACC fees, newsletter and the gain on the sale of equipment.

Operating expenses for 2016 totaled \$97,556 versus a budgeted amount of \$103,000. Higher than expected costs for utilities (water) and lien fees were offset by lower than expected accounting fees, website costs, and insurance premiums. Legal fees, bank charges, maintenance and meeting costs were consistent with budgeted amounts.

Project/Reserve Income for FY2016 was \$113,249 and reflects \$113,104 in member assessments less bad debt expense of \$124. Interest income was \$269.

Project/Reserve Expenses was \$54,358 with \$12,391 spent on common area improvements, including the construction of the Sunset Point Trail; \$3,351 on community infrastructure, including a contribution to the storage area fence at Wagon Wheel and additional cluster mailboxes; and \$38,125 on road maintenance and survey work.

Restricted Funds income reflects \$186 of interest income earned on funds held. There are no year-to-date restricted fund expenses. There is still a 2016 depreciation expense to be booked as a closing entry to end the fiscal year.

Accounts Receivable

Collections: The statements for the 2017 billing were sent out on December 1, 2016 with payments due no later than February 1, 2017 before interest rates are charged. A total of 2265 lots are billed. As of January 31, 2017, 713 lots owed a total of \$95,369. The Board reviewed the A/R Delinquency Report through 2/4/17. There are currently 168 owners that owe more than the current 2017 billing of 2017 and 530 owners that owe \$95 or less.

Foreclosure Actions: At the November 12, 2016 Board meeting there was a Motion to foreclose the Association's assessment lien against the properties of nine (9) SPOA owners and therefore to direct the Law Office of Sarah D. Claassen P.C. to commence suit against the following SPOA owners, seeking judgement and a decree of foreclosure; to authorize Claassen to submit the decree(s) of foreclosure, when and if received with the Routt County Sheriff's Office to proceed to foreclosure sale. Final demand letters to the owners were sent on January 27, 2017 reflecting the total amount through that date, including late fees, legal charges and the 2017 Annual Assessment. Owners receiving the letters were given a final opportunity to pay their outstanding balances in full by February 10, 2017. Foreclosure complaints would be filed the week of February 13th for those owners not making the required payment.

MOTION: Tom Watts made a Motion to approve a budget of \$18,000 for the purpose of foreclosure action against the nine owners. Barbara Houston seconded the Motion. The Motion passed without dissent.

Old Business:

2017 Budget: The Board opened the meeting to member comments and questions on the 2017 budget adopted on November 12, 2016. No members of the Association were present for comment.

Stagecoach Community Plan: John Troka provided a status on the adoption of the Stagecoach Community plan prepared by Routt County. After a process that took over two years, the plan was adopted by the County's Planning Commission on January 19, 2017. The Routt County Commissioners are scheduled to consider the plan for ratification at their meeting on February 14, 2017. John Troka encouraged the rest of the Board to attend if they were able. John Troka is planning on attending the meeting and speaking on items concerning the Morrison Creek Metropolitan Water and Sanitation District's service plan.

Executive Session

MOTION: Tom Watts made a Motion to go into Executive Session pursuant to CRS 38-33.3-308(4) (f) to discuss communications with the Association's attorney regarding the Morrison Creek Metropolitan Water and Sanitation Districts' service plan. The Motion was seconded by Tom Rashid and approved without dissent. The Board went into Executive Session at 11:40 a.m.

The Executive Session was adjourned at 12:10 p.m.

No Motions were made during executive session.

Board Vacancy: Due to the resignation of Brad Church, there is currently a Board vacancy. The position was advertised in the newsletter as well as through an email sent to the ownership. Four individuals expressed their interest in serving on the Board; Howard Bashinski (Lot 23 Eagles Watch), Rob Walker (Lot 38 Morningside), Chris Harden (new owner, but asked to be removed from consideration for this

year), and Mr. Britton (Lot 60/61 Horseback, didn't send in any additional information).

MOTION: Art Fine made a Motion to appoint Rob Walker to the position. Tom Watts seconded the Motion. Motion failed. Dissenting: Barbara Houston, Tom Rashid, John DiNicholas, Zed Ogle, and John Troka.

The Board decided that they would like to speak with the candidates or at least find out more about why they want to be on the board and what they believe they can bring to the board. The decision was tabled until the 2nd quarter meeting. The candidates would be invited to attend this meeting to discuss their interest in serving on the Board.

South Shore Electrical Infrastructure Project: Tom Watts presented some updated information regarding the possible use of the Declaration amendment to a pro forma resolution for Board review to fund the construction of a main electric line serving some of the lots in South Shore. The line would be installed along easements from the sewer plant up to Lot 16 and would benefit 77 lots, all located adjacent to Shoshone Way, in the South Shore subdivision. Tom presented some correspondence of support that he had received from some of the possible interested parties along the route. In doing so he felt that he has shown enough interest to invoke the covenant for special assessments. Lot owners for 52 of the 77 lots would need to vote in favor of a special assessment for the project to move forward. Tom Watts has met with YVEA and presented preliminary estimates of cost for the line in the amount of \$631,573. . The high cost reflects the installation of high capacity equipment along a portion of the route to allow YVEA to expand the service to other parts of South Shore. Tom felt that there is still more research to be done and proceeded to ask a series of questions to the Board regarding possible SPOA financing and who could put up the collateral needed as YVEA would want the cost of the project paid before work was to begin. The Board showed support and Mr. Watts will proceed with gathering more information on the proposed project and financing options.

Access to Public land via South Shore: Since the last Board meeting, the Manager and Board Members John DiNicholas and Tom Rashid met with employees of the BLM and DOW on location at South Shore to discuss possible solutions to the issues of access, development and enforcement for the BLM parcel. Since that meeting, the Manager has received informational emails from Gina Robinson, Outdoor Recreational Planner for the BLM Craig Office as well as Libbie Miller and Kris Middledorf, the District Wildlife managers for the Department of Wildlife. Both entities expressed their interest in collaborating with SPOA to maintain public access to the BLM south Shore parcel.

Gina Robinson provided a BLM proposal that includes a primitive parking area on BLM land that would accommodate 10 vehicles and 2 trailers and is set back off the road near the existing pond. The parking concept would focus on 5 main points: to allow SPOA to work with Routt County to post "No Parking" signs on streets, eliminate night-time use as BLM would make the parcel 'Day Use Only', provide non-motorized recreational activities, limit the number of vehicles accessing the parcel and to prevent trespass on private property. Libby Miller expressed her concerns with the parcel being 'Day Use Only'

as hunting pursuits may include those hours prior to sunrise and after sunset.

The Board discussed the situation and reviewed survey results of the area. The survey results conclude that the point between SPOA Common areas C and D where the ROW touches the BLM property is not a lawful access point and as a result if any project was to continue forward, that an easement would need to be granted across the SPOA common area to the BLM and DOW. In order to gauge community and public interest and concerns it was decided that a public meeting should be held at the Stagecoach Fire House sometime before April 15, 2017. The Manager will reach out to the participating parties, including Routt County Road and Bridge as any access might produce more traffic on the county ROW, to try to set up a date for the meeting.

New Business:

Establish SAM contract renewal subcommittee: The management contract between SPOA and SAM expires at the end of the Association's 2017 fiscal year which is December 31, 2017. A committee is needed to define the Associations' requirements to be included in the new contract, negotiate its specific terms and conditions with Steamboat Association Management and submit it to the full Board for approval. The board members who agreed to serve on the subcommittee are: John Troka, Tom Rashid, Barbara Houston and John Dinicholas. John DiNicholas inquired whether or not the contract should be put out to bid. John Troka expressed concerns regarding the ability to complete a full RFP process in time for a potential new management company to assume responsibilities on 1/1/2018. He also noted that based on initial discussions with SAM, they would prefer a single year contract with renewal periods going forward versus the multiple year contract the Association currently has with them. As such, the Association has the opportunity to limit its commitment to a single additional year thereby giving adequate time to prepare for and execute a successful RFP process and transition if it chooses to pursue that as an option.

Annual Meeting preview: The annual meeting is set for July 22, 2017. In the past the meetings have been held at the Soroco High School, however the Board discussed having the meeting and BBQ lunch within the community of Stagecoach. It was proposed to have the manager look into the cost of having an event rental company set up a meeting venue for 100-150 people that would be located somewhere in the northern section of SPOA.

2017 Projects: There are three main focus points for the Board for 2017, Wildfire Mitigation, Road Maintenance and Trails and Recreation.

Wildfire Mitigation: Zed Ogle has been working on pursuing more information regarding mitigation of existing burn piles left over from the 2012 mitigation as well as the possible mitigation of standing dead timber located on many lots throughout SPOA. He has been in contact with Kit Buell and Basia Trout who work for the forest service as well as Keith Kyhl who is the Manager of Operations for Natural Resource Solutions Group Inc. Mr. Kyhl gave a description of his background and the abilities of his company. The Board was in agreement to move forward with mitigation action as the burning of

existing piles has been slow and dependent upon not only allowable burn days, but also the availability of Chief Wisecup and staff to complete the burns. It was thought that an independent contractor such as Mr. Kyle may be able to accomplish more as a company dedicated to the particular task.

Tom Watts stated that he would like to see 1) a proposal to provide a management plan 2) implement the plan with project management services provided through the contractor 3) with the result of exterminating the existing burn piles and cutting and hauling off other existing standing dead timber.

The Board decided that they would like to first see a proposal price for creating the plan itself, followed by separate estimates of what portion of the mitigation can be done at what price for the existing piles and then for the standing dead with guidance through a professional risk assessment of priorities throughout SPOA. The Board would also like to know the potential of grants in order to help pay the cost of the project and would like to see the contractor pursue grants as part of the proposal.

In the interim, the Board was reminded that it previously authorized an additional \$2,500 for the Oak Creek Fire Protection District to continue burning the slash piles as time and conditions permitted. The manager would continue to coordinate this with Chief Wisecup.

Road Maintenance: John Troka indicated that the Road Committee had not met recently so there were no recommendations yet for new maintenance activity in 2017. He expects the recommendations from the Road Committee to be presented at the next board meeting. There remains one 2016 approved project to be completed in 2017. This project is the replacement of the large, 60" culvert located at the intersection of Whiffle Tree Trail and Shay Way in Sky Hitch. The culvert is collapsing in the middle and is currently 60% blocked. In addition to the drainage problem, the damage is undermining the road service. The association manager will contact Mike Halder to secure a bid and seek out other contractors that might be interested in completing this project.

Trails and Recreation: Tom Rashid has some ideas for trail development and will be working on gathering information on a couple different areas. One area discussed would be located around the current location of the Nordic Trail on Stirrup Way. In reference to that, the fence at the parking lot there is in disarray and should be replaced. The Manager is to get a cost estimate on its replacement. It was also asked of the Manager to check on the bench that is being built for the Sunset Point Trail that was built last year.

Neighborhood grant program: John Troka presented a proposal for a neighborhood grant program. The program is modeled on other citizen grant programs found in the state of Colorado. The grant program provides subdivisions/neighborhoods with the ability to request funds from SPOA to fund activities which bring their neighbors together for the betterment of their communities. Grants will be awarded two times in 2017 with deadlines of submission of May 15th and August 15th. Grants must be submitted by neighborhood residents or HOA's and no more that \$500 will be granted to a neighborhood in a calendar year as the program begins. More information on the grant program will be made available on

the website and promoted in the upcoming newsletter.

MOTION: Tom Watts made a Motion to fund the proposed Neighborhood Grant Program out of the Reserve Projects fund in the amount of \$10,000. Barbara Houston seconded. The Motion passed without dissent.

High Cross Association Request for Audit: Members of the High Cross Association had sent a letter to the SPOA Board of Directors requesting an audit of the SPOA accounts as it relates to the accounting for income and expenses associated with the High Cross subdivision. Members of the Board of Directors for the High Cross Owners Association, John DiNicholas and Zed Ogle were asked by John Troka how they wanted to proceed with the request. John DiNicholas indicated they wished to withdraw their request at this time. No further action was taken.

Next Board Meeting:

The second quarter Board meeting of 2017 was scheduled for Saturday May 13, 2017 at the Resort Group conference room.

The Meeting was adjourned at 2:20 p.m.