

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
February 15, 2020

Board Members Present: Rob Walker, Kayleen Cohen, John DiNicholas, Amber Stewart, Tom Watts, and Matt Kaufmann

Board Members Present via Teleconference: Kate Rachwitz

Management Present: Bryan Ayer, Association Manager

Owners and Guests Present:

Todd Stewart – 22 Lots in South Station 1, 1 Lot Sky Hitch 4

Corky Fisher – Lot 27 Black Horse 1

Jeff Rachwitz – 5 Lots in Sky Hitch 4

James Scrafford – Lot 14 in Blackhorse II

The meeting was called to order at 9:01 am.

With 7 Board Members attending, a quorum was present.

Approval of Board Meeting Minutes and Ratifications:

Approval of minutes from the November 16, 2019 Board Meeting

Motion: Matt Kaufmann moved to approve the minutes as written. Tom Watts seconded. There was no more discussion. The motion passed without dissent.

Announcement of Board Member Resignation:

Tony Borean has resigned his seat on the Board which is now considered vacant. The Manager will put a notice in the next newsletter along with a save the date for the 2020 Annual meeting scheduled for July 18, 2020.

Member Comments:

Snow Plow Financial Assistance Request: Corky Fisher requested financial assistance for plowing Filly Trail due to it being one lane from the last large wind storm. He had sent an email to the manager with this request. Corky has Jeff Erickson booked for Sunday to use a loader. He, as well as the Manager, had reached out to Mike Halder as well, but there were concerns about the use of a grader not being able to push back far enough. The Board noted that they have a grant program, however this appears to be work that would be more associated with a road reimbursement.

Motion: Matt Kaufmann moved to offer a 50% match to residents of Filly Trail, up to \$2,000 for pushing back snow on the roads for safety. Kate Rachwitz seconded the motion. With no further discussion, the motion carried with John DiNicholas abstaining.

Owner presentation regarding Minimum / Maximum Square Footage: Jeff and Kate Rachwitz, owners of several lots in Sky Hitch IV on Shay Way, sent out a survey card to their fellow neighbors regarding their thought about changing the minimum square footage as regulated by the Covenants from 1000 Square feet to 500 square feet. Jeff had sent the results of the survey and information regarding his ongoing Stagecoach Neighbors blog to the Board before the meeting. Jeff reported that when doing an owner survey and fielding responses, he felt that he had to defend the Board and has a feeling that in general, owners don't necessarily think the Board is doing a good job. There is a sense of imposing more restrictions and not getting enough communication on what people can do with their property. People were excited to be contacted about issues.

There was discussion regarding ways to communicate, including Blogs, Survey Monkey, and creating a Facebook group. In conclusion, the Board agreed that when proposing policies for owner review, specific email blasts regarding the policies should be sent, as well as publishing the information in the newsletter. Email the newsletter to all owners and note that the Board is looking for input on the specific policy proposals.

Specifically, the Rachwitz made a proposal for the Board to consider removing the 1,000 SF minimum from the covenants and make a policy similar to the 5,000 SF policy that is not part of the actual Covenants. It was noted that anything under 400 SF is considered tiny homes by the county and that is not the direction that they want to go and thus the 500 square foot request. Rachwitz presented the results of the survey that was sent to all owners, noting there was a 70% response rate, as well as a lot of support for reducing this required square footage amount.

ACTION ITEM: The Board discussed sending a survey to the entire membership to gauge the desire to remove the minimum square footage from 1,000 SF and to make a new policy of 500 SF minimum.

Motion: Matt Kaufmann moved to survey the entire community in regard to changing the square footage requirements. Tom Watts seconded the motion. There was no further discussion, and the motion passed without dissent.

There was discussion regarding general communication to the ownership and the possibility of placing an ad in the newspaper.

Motion: Tom Watts moved to publish an appropriate ad in the Pilot with a cost not to exceed \$500 with the ad to be developed by Kayleen Cohen. John DiNicholas seconded. Without further discussion the Motion passed without dissent.

Old Business:

Management Contract RFP Update: The contract renewal for 2021 was discussed with the goal to finalize a comprehensive RFP and solicit bids from multiple association management firms and negotiate a contract that would be effective January 1, 2021. A list of activities and deadlines were discussed and assignments of subcommittees. John DiNicholas, Tom Watts and Kayleen Cohen agreed to participate on the committee.

Discussion regarding dissolution of SPOA: John DiNicholas had proposed a letter for publication in the last newsletter regarding the consideration of the dissolution of SPOA. The rest of the Board at the time felt as if the letter/article was confusing and wanted more discussion at this Board meeting. During that time, Altitude law provided a legal opinion on whether the dissolution was possible and what steps would be needed. That opinion letter stated that if the Association elects to pursue a complete dissolution, such action would require approval from no less than 75% of all the Lot Owners. If, however, the Association merely wants to remove the Association as the enforcement entity but leave the substantive restrictions of record, the approval requirement is reduced to 67%. Additionally, if the Association elects to terminate the entire community, an agreement will need to be made with either Routt County as well as other entities such as Morrison Creek and how that would impact the well and vault permits.

Tom Watts stated that from his experience, he feels that a 100% owner approval would need to be obtained. He also feels that the Covenants specifically refer to the Covenants having an entity assigned to the powers of maintain and enforcing the Covenants, that even if SPOA itself was dissolved, that some type of entity would still have to be involved for the enforcement of said Covenants and that all lots are linked to these Covenants through title. It was decided that John should rework the article to make it less confusing and send it to the Board for review so it could be published in the next newsletter.

CHANGE OF AGENDA: Proposed Policies Discussion was moved ahead of the Community Center Discussion.

Proposed Policies Discussion:

SPOA Policy 2020-1 relating to approval of new fences pursuant to Article V of the Stagecoach Declaration of Covenants, Conditions and Restrictions

It was noted that Policy 2019-1 already addresses approval of fences; however, this new policy is to address those issues that don't meet the 2019-1 standards.

Motion: Tom Watts moved to publish 2020-1 as amended. Kayleen Rachwitz seconded the motion. There was no further discussion, and the motion carried with no dissent.

SPOA Policy 2020-2 relating to the procedures of the Rules Committee

Section IV.4 of the SPOA Responsible Governance Policies provides guidelines regarding non cured violations of the Covenants and a timeline regarding the hearing process, however that doesn't provide a procedure regarding those situations where a Member waives their right to appear at the hearing. This policy was introduced to establish a procedure for those situations where the Member waives their right to appear at a hearing.

Motion: Tom Watts moved to publish 2020-2 as presented. The motion was seconded by Amber Stewart.

SPOA Policy 2020-3 relating to the operation of motorized vehicles on SPOA common areas

This policy is in regards to the operating of motorized vehicles, including motorcycles, all-terrain vehicles and snowmobiles upon the common areas, except such operation as shall have been approved by the Board, will be prohibited. During discussion, it was agreed to create future signage for No Snowmobiles to be placed in key areas. With no further discussion, the motion carried unanimously.

Motion: Tom Watts made a motion to publish 2020-3 as presented which was seconded by Amber Stewart, and with no further discussion, the motion carried unanimously.

SPOA Policy 2020-4 relating to the application of Covenant Article V, Section p. to the clearing of standing and fallen dead trees on lots

As the Board has been pursuing the mitigation of dead trees on lots, this policy links the non-mitigation of dead trees on Member Lots to Article V, Section p. of the SPOA Covenants which regulates the ability for the Board to act.

Motion: Tom Watts moved to publish 2020-4 as presented which was seconded by Rob Walker. There was no further discussion. The motion carried with Amber Stewart abstaining.

SPOA Policy 2020-4 relating to the application of Covenant Article V, Section p. to the storage of junk, building materials and other items on a lot.

Although Article V, Section k. of the SPOA Covenants regulates trash, litter and junk, the Board felt that there needs to be clarification of what this might include and how it relates to failure to maintain a Lot.

Motion: Tom Watts made a motion to publish 2020-5 as amended. Rob Walker seconded the motion. There was no further discussion, and the motion carried unanimously.

ACTION ITEM: The proposed policies will be published in the newsletter and also sent by email to all the ownership to help with communication.

Community Center Discussion: Tom Watts provided a presentation outline of the reasons he believes a Community Center is a valid project and the procedures to move forward. Although SPOA has many common areas, none of them really appear to be viable for a community center due to access, location or grade. There is a 77-acre property owned by Tri-State, located on the north side of CR18A at the junction of CR16, the road leading into South Shore. Although Tri-State has given verbal confirmation that they could be interested in selling some of their properties, it is not known whether this particular parcel would be of interest. The Board discussed having someone to go to Tri-State in person to discuss their interest. If it can go forward, an appraisal would need to be obtained. Then a decision would need to be made regarding how to finance the purchase or have Tri-State make an offer. Down payment and possible loan scenarios were discussed.

Action Item: To add the topic of the community center to the survey to be sent to the ownership with the guiding language to determine support and if supportive what types of items they would like to see included in the plan.

Motion: Tom Watts moved to approved approaching Tri State regarding their interest in selling this particular parcel and, if so, to proceed with an appraisal of an amount not to exceed \$5,000. The motion was seconded by Matt Kaufmann. With no further discussion, the motion carried with Amber Steward and Kate Rachwitz opposed.

Master Trail Proposal Updates: The manager presented the latest proposed trail maps and a summary of the information gathered by Peter Patton at the previous Board meeting. Tom Watts mentioned that on the South proposed map, he would like to see potential trails connecting the four main road areas from Colt to Filly Trail to Filly East to Hoch Eye, and possibly using SPOA trail easements to accomplish this project. It was also noted that currently the Nordic trail grooming is going through the Stewart's lots and into the cul de sac and not where it is portrayed on the map as that area has many downed trees. Lastly, the Board also discussed wanting to see a possible disk golf area and a dog park area included in the plan.

A public forum is to be conducted according to the Master Plan proposal approved by the Board. The Board chose to set a date for a Community Review is scheduled for Tuesday, the 31st beginning at 6:00 pm at the fire house in Stagecoach.

New Business:

Road Maintenance Projects – preliminary discussion:

Whiffle Tree Culvert Issue: The Manager has received input from the owner of Lot 102 Sky Hitch II in regards to the placement of a culvert last summer on Whiffle Tree. There had been an ongoing drainage issue at this part of the road where the water from melt off and storms has nowhere to go. It was

decided and requested by the owners of the house up the road that a culvert be placed in this area. The culvert was placed equally between the two lot lines of lots 121 and 102 in this area. The owner of 102 has concerns that this culvert is not draining into the drainage easement along his property and instead is about 30 feet into his property. The Manager presented pictures and asked the Board for a decision with the possibility of moving it farther up the road, in which case much more grading would need to take place and material added as the culvert is currently in the middle of where the issue was or if they would like to monitor it in the spring and see what the drainage looks like.

ACTION ITEM: The Board directed the Manager to monitor and document the area this spring and report back to the Board at the May meeting.

During the discussion, James Scrafford, weighed in with his ideas from a long-term owner as well as a construction foreman. He discussed drainage issues, road location issues and county regulation regarding roads. Routt County has stated that they will not adopt any more roads for maintenance, however all of the plats of this area state that the County will adopt if these roads are brought up to county standard. Although that would most likely be a legal battle, it was agreed by several in the room, that any improvements should be towards the goal of moving towards county standards.

Motion: Tom Watts made a motion to instruct the Manager to approach NWCC and Landmark Consultants to obtain a proposal for providing oversight of future repair and road construction efforts. Matt Kauffman seconded the motion. With no further discussion, the motion carried unanimously.

First Quarter Newsletter Articles – March 20:

- Survey
- Policies
- Minimum square footage
- Community Center features, including picture maps
- Date of public meeting with Peter Patton
- Articles by March 10

Treasurer's Report

Bryan Ayers provided preliminary financial information for the Stagecoach Property Owners Association. This information includes results through December 31, 2019.

Total assets at the end of December was \$151,230. This amount is comprised of \$136,639 in the checking accounts, \$127,241 in the Money Market account and \$301,921 in CDARS investment accounts. There is also \$151,230 of restricted road funds held for use in the Horseback, Morningside and South Shore subdivisions, which includes \$126,122 invested in CDARS accounts.

Operating income from annual assessments for the 2019 FY was \$106,807 with other income (i.e. fines, late fees, finance charges, etc.) of \$6,490 for a total income of \$113,297. Budgeted Operating income was \$112,200.

Operating expenses for the same period totaled \$113,093. Some line items of note that will finish the year with a deficit are Accounting, due to the hiring of a new firm for the financial review and Communications, which includes both the annual meeting mailing as well as the annual billing. Overall the new Annual billing procedure was \$630 less than the previous year. Board meetings are over mostly due to having the Board meeting in Oak Creek and additional refreshments. The Legal, Grounds Maintenance, Office Supplies and The Utilities for Coyote Run Park ended with surpluses.

Operating Fund Balance is expected to end the 2019 FY with a surplus of \$204

Project/Reserve Income for the 2019 FY from annual assessments and interest was \$166,219. 2019 FY project/reserve spending was \$118,645, which includes \$21,735 in wildfire mitigation, \$54,465 in road maintenance, \$3,228 in Community Development, \$12,272 in Trail work expenses, \$2,906 in legal covenant enforcement issues, \$17,821 in governing document cost related to the Covenant amendments, \$3,768 in Community Infrastructure related to cluster boxes and \$2,275 in common area/parks for the tap redo and staining of the picnic structure.

For the 2019 FY, the Association's YTD project/reserve surplus (income minus expenses) is \$49,604.

Restricted Funds income reflects \$2031 in interest income earned on funds held. There was no spending of these funds in 2019.

Accounts Receivable at the end of December 2019 was \$177,309 following the 2020 billing on December 1st. As of February 13, 2020, the AR was \$86,910 which is \$13,769 less than the same time in 2019.

Account Foreclosure Actions Update:

23025 Schussmark Trail Lot 14D – Jamie Jackson/Ryan Young

Complaint Filed and served – responded but have not paid. Amount owed SPOA is \$733.54 plus attorney fees. Assessed Value \$254,880

Lot 91 Morningside -INA Group

Complaint Filed and served. In discussion said that they were going to let it go to tax lien sale. To continue to pursue, SPOA would have to pay county taxes (currently \$957.76). Amount due to SPOA is \$735.23. Assessed Value \$9,000. (\$735.23 + \$957.76 + \$2,500 in legal fees = \$4,192.99)

Lot 38 Overland – Dynamic Group

Complaint Filed and Served. Currently in Tax Lien. To continue to pursue, SPOA would have to pay county taxes (\$1,700). Amount due to SPOA is \$926.33 plus attorney fees. Assessed value \$6,000. Not sure who owns this lien. (\$926.33 + \$1,700 + \$2,500 in legal fees = \$5,126.33)

Lot 39 Overland – Dynamic Group

Complaint filed and Served. Currently in tax lien. To continue to pursue, SPOA would have to pay county taxes (currently \$1,700). Amount due to SPOA is \$857.51 plus attorney fees. Assessed value

\$6,000. In discussion with lien holder, Sally reached out to see if he wanted to pay the back assessments to have SPOA out of the way. He stated that he would not. (\$857.51 + \$1,700 + \$2,500 in legal fees = \$5,057.51 then hopefully sell for \$6,000).

The Manager explained the situation with Lot 39 in that it has been picked up in tax sale and only has a limited time before a Treasurers Deed would be issued to the Lien holder. The attorney reached out to the potential title holder to see if he would pay off the past due assessments to the lot. He did not agree to do so and outlined the potential costs of SPOA continuing with the foreclosure proceedings. The Manager stated that as Lots 38 and 39 are owned by the same entity that the cost of foreclosing is shared between the two lots and that together, if SPOA was to obtain them through the Foreclosure sale that the value of both together could be more valuable.

The Board discussed and was supportive of continuing forward with all Foreclosure actions.

Results of the 2018 Independent Financial Review: The Manager discussed the FY 2018 financial review that was completed by Dale Weidner & Company, LLC. In accordance with the SPOA Bylaws, there shall be an annual audit or an annual financial review performed each year. Based on the review, the accountant's conclusion indicated three areas of note. They made some modifications to the property and equipment items, recommended a Reserve Study and noted a high concentration of cash deposits in one account. The Board discussed that they didn't feel a Reserve Study was appropriate as they don't have any common area that would need a typical study of useful life for replacement. The high concentration of cash deposits was related to timing and the maturity of a CDARS account that was in the Money Market at the time of review. That amount has since been transferred to a new CDARS account. They were not aware of any material modifications that should be made to the reviewed financial statements in order for them to be in accordance with general accepted accounting principles.

Community Manager's Report - General Business Summary

Cluster Boxes at Maricopa: The Board approved new parcel cluster Boxes at Maricopa at the November Board meeting, but the winter came in too fast to have them installed. They are to be installed in Spring

Coyote Run Sign: The Board was looking for the Manager to get another bid on the reinstallation of the Coyote Run sign that fell down last summer. They would like to see it match the other signs within SPOA, with the posts being 6x6 metal. This would require a welder and the Manager has had trouble getting responses. The manager will continue to work on this and have new bids by the May meeting.

ACC Activities Discussion: The Manager reported presented the spreadsheet on ACC applications. There has only been one new application for some deck items at Red Hawk. He also outlined that there are currently 6 houses that have been approved that are still under construction. The Manager also discussed one of the approved projects, that was started with the foundation poured and the garage built, however the company that was building the prebuilt for the Lot went bankrupt. The Lot owner

had reached out to the Manager and the ACC chairman for an exception to build a smaller house that would not be much bigger than the garage that is already built and so was looking for a variance from the Governing documents. The Governing documents allow for one ancillary building to be built that is no more than half the size of the house. At this time, there is no policy or rule that would allow for any variances to be granted by the Board. The Manager will send any new updates to the Board to how this will progress.

Covenant/Rules Enforcement Activities: The Manager outlined the latest Covenant/Rules issues that mostly focused on the enforcement of the new Covenant Amendment regarding the storage of trailers. Of all the owners that were contacted in the fall regarding violation, only 3 remained that had more than one trailer stored outside of an enclosed structure. The ACC held a hearing for these three cases and in conclusion, reflecting upon responses that they had received from the owners, made a decision to suspend the fine until May 1, 2020 to allow for them to come into compliance.

Accounts Receivable: The Manager discussed the current A/R report and its comparison to the same time last year. Collections for assessments are ahead of the past year. As of February 13, 2020, there are 434 Lots owing a total of \$86,910. In comparison, as of February 13, 2019 there were 575 Lots owing a total of \$100,679

The Board meeting was adjourned at 1:55 p.m.