

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
February 16, 2019

Board Members Present: John Troka (President), Rob Walker (Vice President), Kayleen Cohen (Secretary), John DiNicholas, Tom Watts and Scott Okerstrom

Board Members Present by teleconference: Kate Rachwitz

Management Present: Bryan Ayer, Association Manager

Owners and Guests Present:
Bryant Scrafford –Lots 44 and 45 Black Horse II

John Troka called the meeting to order at 9:00 am.

With 7 Board Members attending, a quorum was present.

Approval of Board Meeting Minutes and Ratifications:

Approval of November 17, 2018 Board Meeting Minutes

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

Member Comments:

Member Jeff Rachwitz sent an email prior to the Board meeting regarding the maximum size of an allowed residence within SPOA. At the November 17, 2018 Board meeting a motion to rescind the approval of the policy concerning maximum floor area as enacted in January 2009 failed. Mr. Rachwitz was concerned that although the motion failed, the maximum square footage is only an ACC policy and not part of the Covenants. As such it can still be easily changed merely by action by any future board. Mr. Rachwitz would like to see the minimum and maximum size treated consistently and recommended adding the maximum of 5,000 square feet added to Article V of the Covenants and remove it as an ACC Policy and Guideline or, conversely, remove the minimum 1000 square foot requirements from Article V of the Covenants and add it as an ACC Policy and Guideline. Discussion took place between board members. No action was taken at this time.

There was no other public comment at the time.

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

Community Burn Pile: Consistent with Board approved funding, the community slash pile at Stirrup Way in Sky Hitch was burned in the fall. Natural Resource Solutions Group will also burn remaining common area slash piles this spring as permitted on open burn days.

Nordic Trail Grooming Contract: The manager presented a summary of this seasons grooming dates in compliance with the 2018-2019 Nordic trail grooming contract. In addition, he informed the Board that the contractor was required to acquire and install new carbide scaggs on the snowmobile at a cost of \$220.

Barricade proposal: There have been several issues in the past few years where road barricades could have been used to prevent individuals from driving on and damaging unimproved right-of ways during the wet season or driving on common area property. The manager requested funding to construct some reusable barricades to help prevent these occurrences.

MOTION: Tom Watts made a Motion to approved \$700 for 4 sections with 2 cross rails each to be built for this purpose. John Troka seconded. Without further discussion, the motion passed without dissent.

ACC Applications: There have been 5 applications approved by the ACC since the November 17, 2018 meeting: 3 houses, 1 ancillary building and a shed. The shed was approved pursuant to the new ACC policy 2018-2 and the process appeared to be efficient.

Covenant and Rules Enforcement: As it is winter, there haven't been many compliance issues. There is a violation of an illegal shed built in Sky Hitch IV, however the manager has been in contact with the owner of the property and who agreed to move it off the lot in the spring when the weather allows. There is an ongoing compliance issue with an owner in South Station II who has not fully dismantled a previously built illegal shed and refuses to answer or speak with the community manager. The Board instructed the manager to have the Association's legal counsel send the property owner the next compliance demand letter.

Other outstanding compliance issues involving legal counsel were discussed as part of the Board's executive session later in the meeting.

Accounts Receivable: The 2019 annual assessment invoices were sent out on December 1, 2018 to the property owners of record for the 2,235 lots/units in the Association. As of February 12, 2019, there were 631 lots that owed a total of \$110,709. One hundred and seventy-two (172) of those lots owe more than 1 year's assessment. The first collection notices for 2019 will be prepared and sent by the end of the month.

New Disclosure Requirements for Managers: Effective January 1, 2019, the Colorado Real Estate Commission approved new requirements for documents that sellers need to provide to buyers. The changes impact what Association document's the Community Manager needs to provide and how. Currently the manager refers the real estate agents and title companies to the website to acquire most of the information and then provides the rest upon request. It was suggested the Community Manager add a link on the Association's website to a single webpage where sellers, buyers, and real estate agents can find all of the required documents.

Treasurer's Report:

In Matt Kaufman's absence, John Troka presented the Association's financial report and reviewed the financial statements as of December 31, 2018. These are preliminary financial statements as there are some pending final, non-cash year end entries that will be made once the 2018 tax returns are completed and filed.

Total Cash at the end of December was \$613,987 of which \$149,200 are restricted road funds held for Horseback, Morningside and South Shore.

Accounts payable at the end of September was \$1,301.

Operating income for 12 months was \$122,681. This amount reflects net operating assessments of \$116,478 and \$6,202 in other income which is predominately late fees.

Operating expenses for the same period totaled \$109,820 and includes management fees, professional services such as accounting and legal expenses, meeting and member communication costs and common areas maintenance costs for the park and Nordic trail. As of December 31, 2018, the net operating fund surplus was \$12,860.

Project/Reserve Fund income of \$151,920 primarily reflects \$150,521 in member assessments. Net project/reserve spending for the year was \$41,235. This include spending for wildfire mitigation, road maintenance projects, community infrastructure and neighborhood grants. The 2018 project/reserve spending was offset in part by the proceeds of the sale of lots obtained via foreclosure in 2017.

Restricted Fund income for this period was \$607 which was the interest earned on funds held. There was \$8,466 spent on legal work associated with enabling use of the Morningside/South Shore Restricted Road funds for other infrastructure projects in these subdivisions. This legal effort was terminated when Routt County made unacceptable demands in exchange for their approval.

Accounts Receivable – Collections: John Troka presented the aging report reflecting all accounts owing over 2 years of assessments plus late fees. The total Accounts Receivable balance as of December 31 was \$205,634 which includes amounts for the 2019 annual assessment which were invoiced in December 2018 and due in January 2019.

2018 Foreclosure Actions: At its November 2018 meeting, the Board authorized foreclosure on a single property for failure of the property owner to pay their annual assessments for several years. Subsequent to the meeting, Bryan Ayer was able to personally contact the property owner who paid all amounts owed. There are no open foreclosure actions at this time. Evaluation of possible 2019 foreclosure actions will be considered at the 4th quarter Board meeting after final collection notices are sent in the 3rd quarter.

High Cross Delinquencies: The High Cross Association separated from SPOA in July of 2016. There are currently five (5) owners with a total of six (6) lots that are still delinquent in the assessments billed to them before the separation. The association has 6 years to act on the liens on these properties. At this time the Board has chosen to keep sending letters as per the collection policy and will continue to review these accounts as part of its annual collection status and foreclosure evaluation process.

New Investment Accounts for Reserve Funds: At its November 2018 meeting, the Board discussed the option of utilizing CDARS (Certificate of Deposit Account Registry Service) accounts for the Project/Reserve funds. A CDARS account provides an option for retaining full FDIC insurance on deposit amounts larger than \$100,000 held at a single financial institution. At the time, the Board had questions and no action was taken. The questions were answered at this meeting including the fact that are no incremental costs to the Association for opening/maintaining a CDAR account.

MOTION: John Troka made a motion that the Association invest \$250,000 from the money market account into a new CDARS account at Yampa Valley Bank with a term of 13 weeks. Tom Watts seconded the motion. Without further discussion, the motion passed without dissent.

MOTION: John Troka made a motion that the Association invest \$140,000 from the Restricted Road funds into a new CDARS account at Yampa Valley Bank with a term of 13 weeks. Tom Watts seconded the motion. Without further discussion, the motion passed without dissent.

Old Business:

2019 Budget & Annual Assessment: The Board provides time on its 1st quarter meeting agenda for the membership to bring forth any questions or comments on the annual budget and assessments adopted at the 4th quarter Board meeting. While SPOA is exempt from the new State law which makes this a mandatory action for most associations, the Board believes it is a good practice to follow. There were no member questions or comments on the adopted 2019 budget and assessments.

Covenant Amendment Updates: John Troka presented the latest figures on the current Covenant Amendment proposals. The overall response rate has been impressive with 40% of owners responding. The 600 owners voting represents 929 of the 2,235 of the total eligible votes. At the time of the meeting, none of the proposed amendments had received enough votes to pass. However, amendment #1 regarding water wells and amendment #4 on the parking of trailers had received enough votes to

make it possible for the Association to petition the Court for approval of these amendments. Amendment #2 and #3 on the keeping of Chickens and Riding/Pack animals did not yet have enough votes to be eligible for the Court petition process. CCIOA allows 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 Association's declaration have voted in favor of the proposed amendment. As such, for the Association's Board to seek Court approval of the proposed amendments, it must show that the owners of at least 750 lots/units voted in favor of the proposed amendment. It is expected the voting will remain open until at least the annual membership meeting in July. Between now and the annual meeting the Association will send another ballot mailing to those owners who have not yet participated in the voting process.

2020 Management Services RFP: At the November meeting, Rob Walker agreed to lead a working group to develop an RFP to solicit proposals and bids for management services in 2020. Board members John DiNicholas and Kayleen Cohen volunteered to join the working group as well. They are currently reviewing the documents and vendor responses from the RFP process conducted by the Association in 2014. They have a plan to reach out to larger association entities such as the Colorado Association Institute (CAI) and will have an update of progress at the next Board meeting.

Community Center updates: An article was placed in the 4th quarter newsletter soliciting interest from any owners that would like to get involved in the planning process for a potential community center. Five owners responded and their contact information was forwarded to Tom Watts who is leading up the Community Center committee. Tom Watts will set up a meeting with the interested parties to discuss particular uses of a community center and possible locations. Tom will have an update of progress at the next Board meeting.

Kate Rachwitz spoke per teleconference on additional ideas for "building community" within SPOA that could either coincide with a community center or possibly be a separate area that would allow for owners to be part of the overall community even if they were not in the process of building yet or living in the area. She suggested using a common area to set up a small, private park and picnic ground with a pergola or for an area that owners could camp in the summer to enjoy the overall area.

Community Trail System – Master Plan: Bryan Ayer has had difficulty meeting with Aryeh Copa, a local trail designer on the development of a trail master plan to go over the plan. He believes it is time to look for other outside sources for trail system design and building as Routt County Riders and Aryeh appear to be too busy to do a full trail plan as they are working on several other designs and builds around the Steamboat Springs area.

Wildfire Mitigation: For the past year, the Board has been working with Natural Resource Solutions Group (NRS) on a Community Wildfire Protection Plan. Although SPOA has made progress on reducing the fuel amounts in the common areas and right of ways, there still remains many dead trees on private

lots that need to be mitigated. NRSB has looked at possible grant programs SPOA might qualify for to help fund additional mitigation work however issues have arisen due to new deadlines and qualifications for those programs.

One of the qualifications for any State grant program or for Stagecoach to be recognized as a FireWise Community is property owner education. The manager presented to the Board a Fire Mitigation Education Proposal from NRSB. The proposal scope of work focuses on fire mitigation education through the gathering of educational materials and websites to assist homeowners via workshops, mailings and email. This education process involves engagement with Chief Wisecup of Oak Creek fire, gathering information on fire mitigation grants and deadlines as well as gathering information which would allow the Association, if desired, to work towards becoming a FireWise recognized community.

MOTION: Tom Watts made a motion to approve the Fire Mitigation Proposal from NRSB for a preliminary billing amount of \$125/hour up to \$2,500 from the Project and Reserve funds. Rob Walker seconded the motion. Without further discussion, the motion passed without dissent.

Recycling program for SPOA: The Yampa Valley Sustainability Council (YVSC) reached out to the Community Manager concerning building a working committee for the valley to focus on better recycling efforts. They requested to have someone from the Stagecoach area participate. Board member Kayleen Cohen volunteered to participate. As of this meeting there were no updates as YVSC has not moved forward with any meetings as of yet.

New Business:

Road Maintenance Projects: John Troka presented a map and cost summary of road maintenance and improvement projects completed by the Association and property owners since 2013. This information served as the basis for discussion and recommendation of road projects for 2019 consistent with the Board approved spending forecast. The Association's cost data was also used to determine recommended reimbursement amounts for property owner-initiated road improvement projects.

The Board considers reimbursing owners for road maintenance and improvement projects which are consistent with work that SPOA would expect to do on the road right of ways. This includes projects which improve access to the Association's common areas and property owner's lots and/or which maintain the existing road structures. Reimbursable costs include amounts spent for surveying, engineering, grading and cross road culvert installation/replacement. Costs are reimbursed at rates consistent with those paid by the Association. It was noted the Association does not reimburse owners for the costs of building/improving road segments to a level necessary to obtain a building permit. As such, most costs for road materials and all costs associated with driveway installation do not qualify for reimbursements. Property owners considering road improvements and requesting reimbursement from the Association need to comply with the requirements of the Association's Road Construction and Maintenance Policy.

The Board reviewed owner reimbursement requests from the Wagonners for improvements they made to Filly Trail in Black Horse I/II and from Joe Dickenson who made improvements to Colt Trail in the Overland and South Station II subdivisions.

MOTION: Tom Watts made a motion to approve \$2,868.75 for reimbursement to the Wagonners, owners of lot 8 Black Horse I for improvements to 475 feet of Filly Trail including the installation of a cross road culvert to ensure adequate drainage. Scott Okerstrom seconded the motion. Without further discussion, the motion passed without dissent.

MOTION: Tom Watts made a motion to approve \$14,630 for reimbursement to Joe Dickinson, owner of 12 lots in the Overland and South Station II subdivisions for surveying, engineering and improvements to 3,500 feet of Colt Trail. This includes improving and rerouting the primitive road to be within the right-of-way and the installation of a significant cross road drainage structure. Kayleen Cohen Seconded the motion. Without further discussion, the motion passed without dissent.

Recommended road improvement projects for 2019 were discussed and include the grading and installation of culverts on Stirrup Way from Hoch Eye Way to Whiffle Tree; the grading and installation of culverts on Whiffle Tree Trail from Shay Way to Rein Way; and the clearing of ditches along the improved sections of the Colt Trail and Filly Trail right-of-ways to improve drainage and enable better snow plowing in the winter.

MOTION: Tom Watts made a motion to spend up to \$12,500 of Project/Reserve funds for the proposed 2019 road maintenance projects. Kayleen Cohen seconded. There was no further discussion. The motion passed. John DiNicholas abstained.

State Park Requests: The State Park continues to work on enhancements to trails accessed by the State Park as well as enhancements at Morrison Cove near South Shore. They would like to formally request that SPOA consider contributing financially to some 2-inch (trunk diameter) cotton woods for the new Morrison Cove Picnic Area. Alternatively, or in addition to, they requested the Board consider a contribution towards a new swim platform to be moored/installed in Morrison Cove near the new picnic area.

After discussion, the Board is open to approving money for capital items for the park like the trees or swim platform, but not for normal operating expenses of the park (i.e. paying for attendant at Morrison Cove Boat ramp). As to the park's specific requests, the Board's preference is to help fund the installation of trees at the picnic area and will encourage the State Park to plant larger diameter trees in this particular case so as to more quickly provide the benefit of shade. The Board expressed reluctance in contributing funds for a swim platform in Morrison Cove as this is where the Morrison Water and treatment plant expels the treated sewer water.

Tiny Homes: There has been much interest in Routt County concerning the topic of tiny homes. In general, a tiny home does not meet the requirements of the Association's covenant which requires that the minimal size of a residence be 1,000 square feet (800 sq. ft of livable space). Routt County has no minimum or maximum size requirements for homes, but all homes must meet all setback requirements and must be on a permanent foundation. Tiny homes which are mounted on wheels do not meet the County's requirements for a residence and their use on a property is considered camping and subject to the County's zoning regulations on camping. The County zoning of the Stagecoach subdivisions (HDR, LDR) does not allow for camping.

A committee of Board members, comprised of Kayleen Cohen, Scott Okerstrom and Kate Rachwitz will do more research on tiny homes and how they might be used within SPOA. Allowing tiny homes in Stagecoach would require a change to the existing covenants. The group will gather information on the potential impact to property values as well as identify particular subdivisions that may be suitable for this alternative housing option. The need for the committee to engage the community to determine the desire and willingness to allow tiny homes was also discussed.

2019 Nominating Committee: Following discussion, the Board determined that the Board itself would serve as the nominating committee. All Board members were asked to identify and solicit candidates for the annual election of Board members that takes place at the annual membership meeting in July. There will be three Board positions up for election. These positions are currently held by John Troka, Vicky Weber and John DiNicholas. John Troka has served two consecutive, three-year terms and pursuant to the Association's bylaws is not eligible for election this year.

Executive Session:

MOTION: John Troka made a motion to go into Executive Session pursuant to CRS 38-33.3-308(4)(f) to discuss communication with the Association's legal counsel regarding a legal matter. Rob Walker seconded the motion. The motion was approved without dissent.

The Board entered executive session at 2:20 p.m. and adjourned from executive session at 2:25 p.m. based on discussions held in the executive session, a motion was made.

MOTION: Tom Watts made a motion to file a mandatory injunction and to begin foreclosure action against James R. Scrafford, owner of Lot 14 Black Horse II, due to failure to comply with the Association's covenants and non-payment of assessments and fines. Rob Walker seconded the motion. Without further discussion, the motion passed by a vote of 7 to 0 with all directors voting for the motion.

Next Board Meeting: The next regularly scheduled Board meeting will be held on May 18, 2019 in the conference room at the offices of Steamboat Association Management.

The Board meeting was adjourned at 2:27 p.m.