

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
February 17, 2018

Board Members Present: John Troka (President), Rob Walker (Vice President), John DiNicholas (Secretary), Tom Watts, Vicky Weber and Matt Kaufmann.

Management Present: Bryan Ayer, Association Manager

Owners and Guests Present:

Bob and Holly Harker – Lot 23 South Shore

Josie Tolan – Lot 3 NYP

Corky Fisher – Lot 27 Black Horse I

Artine Yapoujian – Lots 20,33,34,173 South Shore

Jeff Rachwitz – Lots 134,135,136,147,148 Sky Hitch

Bryant Scrafford – Lots 44/45 Black Horse II

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

With 6 Board Members attending, a quorum was present. Prior to the meeting, Seann Conway and Zed Ogle resigned their positions on the Board as they have sold their Stagecoach properties and are no longer members of the Association and therefore can no longer serve as Board members.

Approval of Board Meeting Minutes and Ratifications:

Approval of November 18, 2017 Board Meeting Minutes

Motion: Tom Watts moved to approve the minutes as amended. Rob Walker seconded. The Motion passed without dissent.

Member Comments:

There were no member comments at this time that did not reflect what is already on the agenda.

In the interest of addressing topics of concern by those owners in attendance early in the meeting, the sequence of items on the Agenda was adjusted.

Old Business:

Water Well Permitting – Colorado Division of Water Resources & Morrison Creek: The Colorado Division of Water Resources (CDWR) has issued a letter to clarify their position regarding the issuance of individual on-lot water well permits within subdivisions in Routt County. The letter, coupled with subdivision platting dates and stream over-appropriation dates, serves as a guide to what types of well permits may be issued for subdivisions within Routt County, including the Stagecoach area.

The letter was addressed to the Routt County Planning Department and distributed to SPOA, Morrison Creek and the Real Estate community. In Summary, the State Engineer's Office evaluated the conditions under which certain subdivisions were created and took into consideration the fact that they have no record that a water supply plan was referred to the State Engineer's Office at the time the subdivisions within Routt County were created. They considered what the likely approach would have been for a water supply plan for these subdivisions and as a result will allow the issuance of well permits under limited conditions guided by the allowances in the letter.

Although the CDWR will continue to issue well permits under limited conditions, currently Morrison Creek Water and Sanitation Department (MCWSD) still has a moratorium on vault permits. Tom Watts and the manager Bryan Ayer attended the MCWSD meeting on February 15, 2018 to gather information on how the MCWSD will proceed.

Moving forward, Tom Sharp, the District's Attorney, will draw up a draft document which will be an acknowledgement/consent form for applications, that in conjunction with the existing Lot owner agreement, will allow for the moratorium on wells to be lifted. Once the Lot Owner Agreement is completed by an applicant along with the \$14,000 vault deposit, Morrison Creek will send the well application off to the CDWR for approval, however they will not sign the document until it is approved by CDWR and thus a building permit cannot be approved without Morrison Creek signing off. Once the document is received back from the CDWR and signed off by Morrison Creek, the applicant is required to obtain a single-family dwelling building permit and ISDs Permit for the lot within six (6) months and needs to complete the construction of a residential foundation which has passed inspection within one (1) year. They also are required to drill the well within two (2) years. If these deadlines are not fulfilled the Lot Owner agreement becomes null and void.

Morningside/South Shore Road Settlement Agreement: At the November 18, 2017 meeting, the Board agreed to retain legal counsel to petition the District Court to modify the terms of the original Morningside/South Shore road settlement agreement. Specifically, the Board is seeking Court approval to allow use of the restricted road funds for other infrastructure projects within these subdivisions. This would make the Morningside/South Shore agreement consistent with the provision with the Horseback road settlement agreement allowing this flexibility. Hindman Sanchez has prepared a draft of the petition to John Troka and the Community Manger for review and feedback. John has identified some adjustments and changes and will follow up with the firm to have these made prior to filing with the court.

State Park Projects:

1) Trailhead and Parking Area from New Trail into BLM property: At the November 18, 2017 meeting the Colorado Parks & Wildlife presented a proposal for a new multi-use trail that connects with the BLM parcel via the Elk Run Trail near the Stagecoach Dam. The proposal also includes a new parking area on land owned by the Upper Yampa River Water Conservation District located on the south shore of the State Park at the termination of Arapahoe Road. Since that meeting the potential trail location has been flagged.

There is concern from some of the Board as well as owners in attendance at the meeting regarding increased traffic that the potential parking lot will bring through the South Shore development and the impact it will have on lots and homes along the Routt. Currently on the plat is an unbuilt section of Uncompahgre from the northern intersection of Arapahoe Rd to the same termination point on Arapahoe Road near the south shore of the reservoir. This unbuilt segment is predominately surrounded by platted common area versus the residential lots that exist along Arapahoe.

MOTION: Tom Watts made a Motion to notify the State Park that if they pursue the parking lot in South Shore that traffic be routed away from existing homes and preference would be to have the Park and/or Routt County construct the platted but unbuilt section of Uncompahgre Road. Matt Kauffman seconded the Motion. The Motion passed without dissent.

2) Morrison Boat Ramp Day Use Area: The State Park is still working on proposed changes to the day use area. As of this meeting they don't have any solid financial costs, however a map of the proposed changes, including on shore boat parking for the Steamboat Yacht Club, a swim platform, new trails, new sand beach and swim area and raised picnic pads with tables and BBQ boxes. The State Park will be looking to SPOA to see if they would like to help financially with some of the cost of the overall project or any particular part of the project. The Board would need more specifics of costs in order to make any determination on such request.

In general, the Board strongly believes the State Park needs to engage in more community outreach on both of these projects and consider the public's feedback in their decision making. This Association will continue to reiterate this position in its discussion with park officials on these and future projects.

Covenant Amendments: The Board reaffirmed its intention to move forward with proposals to amend the Association's covenants to: (1) allow for horses, chickens and /or other animals; and (2) to address the prohibition from the parking and storage of all trailers outside of an enclosed garage. It is the Board's intent to put forth the proposed amendments at the 2018 annual meeting in July. A recent member survey indicates good support for both amendments.

Vicki Weber is working to finalize a preliminary working document for the animal covenant. She will send this document to all Board members when completed. John Troka provided a working document for the trailer amendment. The Board is to review the preliminary documents and be prepared for a detailed discussion at the next meeting. Board members are encouraged to send proposed changes, questions and/or suggestions to the Community Manager prior to the next meeting so that they can be compiled and shared.

New Business:

South Shore Electrical Project: Tom Watts presented a proposed resolution that was previously tabled pending the resolution of the water well permitting issue in Stagecoach which had the potential of significantly limiting lot development. The proposal involves the construction of a three phase underground electric line sufficient to provide 120-volt power to 13 lots in along Shoshone Way and Navajo Trail in South Shore. The construction of the electric facility would be paid for primarily via a special assessment levied against lots directly benefitting from the improvement pursuant to Section d. of Article IV of the Association's covenants. The special assessment must be approved by owners of two-thirds (2/3) of the benefitting lots otherwise the proposed project will not be constructed.

The proposal also includes a \$40,000 contribution of project/reserve funding from the Association. This contribution will primarily pay for half of the cost of an expensive three phase electrical switch that is required. Yampa Valley Electric has agreed to fund the other half of this item. The Association's contribution will also help defray the cost of installing the high capacity electric line into the area to be served. The three-phase switch and feeder line are initial elements necessary to bring centralized electricity to the entire subdivision

MOTION: Tom Watts made the Motion to approve the resolution as presented at the Board meeting. John Troka seconded the Motion. The Motion passed without dissent.

South Shore – Navajo Trail Road Maintenance Responsibility: A member who recently applied to Routt County for a lot consolidation and building permit has had their application denied until they repair Navajo Trail in South Shore and bring it up to a County road standard. The member has requested the Association’s assistance in working with resolving this road issue as Navajo Trail is part of the 1986 Road Settlement Agreement between the Stagecoach Property Owners Association and Routt County and there are currently restricted road funds available for use in the South Shore subdivision. While money is available, the Board has questions as to whether the County has fulfilled its obligations to maintain the road as outlined in the settlement agreement and if the lack of this maintenance is the direct cause of the road condition requiring repair. Additionally, there is a question as to the specific standard the road is required to be constructed to, as the lot owners and the Association continue to receive conflicting information as to these road requirements. The Community Manager has been in touch with the County and has sent them the 1986 settlement agreement for their review. The County Attorney is currently reviewing the documents. In order to help the owners to continue forward to a solution, the Board made a Motion.

MOTION: John Troka made a Motion to spend up to \$2,000 from the South Shore Restricted Road Funds for a survey and engineering report outlining what is required to bring Navajo Trail to a county road standard. Tom Watts seconded the Motion: The Motion passed without dissent.

Third Party Ownership of Platted Stagecoach Common Areas: Recently a lot owner approached the Association about a situation whereby they were attempting to obtain an easement for previously constructed improvements located on an identified and platted common area owned by a third party (i.e., not owned by the Association). Given this and the recent discussion with Stagecoach State Park officials where they indicating discussing public trail construction with the third-party owner of a platted common area, the Association retained the law firm of Hindman Sanchez to provide an opinion regarding third party ownership of platted Common Areas. The Association has requested the legal opinion address the rights and obligations of the Association and its members to these third party owned common areas as well as the obligation of the third-party owners of common areas to comply with the Association’s governing documents.

MOTION: John Troka made a Motion to approve funding for up to \$3,000 for legal opinion on third party ownership of Common Area. Vicky Weber seconded. The Motion passes without dissent.

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

Burn Updates and Forestry Consulting Proposal: At the November 18, 2017 BOD meeting, the Board approved spending of \$19,000 from the Project/Reserve Fund for the purpose of burning the approximately 53 slash piles that had been consolidated this summer. As of February 14, NRSB has burned 24 piles in 101.5 hours at a cost of \$8,268. Piles burned include the community pile located along Stirrup Way, and piles along Hoch-Eye Way, Cinch Trail, Surrey Trail, Bigwhip Way, King Bolt and in the common area along Bridle Way.

Also, at the November 18 meeting the Manager had presented a Forestry Consulting Proposal from NRSB. The proposal consisted of two phases and phase one has been completed. The results were provided to the Board for their review. The Board will discuss the Phase 1 report in detail at its next meeting.

Management Contract Results: With the additional time provided for by the Association's new management contract, the Community Manager has begun to work on projects that have previously been difficult to get to due to time constraints from the other managed properties. The Community Manager is in the process of updating the Motions book for the Board, working on history and documentation of previously discussed rules and regulations and also working on an ownership lot listing website proposal.

ACC: New construction: There are currently 8 houses that have been approved by the ACC and are in different phases of construction. Three in Meadowgreen, two in South Shore, one in Red Hawk and two in the Neighborhoods of Youngs Peak. The Manager is expecting additional applications to be submitted soon for houses in Young's Peak, Eagles Watch and Red Hawk.

CCR/Rules Compliance & Enforcement: Bryan presented a summary of CCR/rules violations. The main concern of members of the Board is an owner who is working on consolidating lots in order to build out in Overland. At the last Board meeting it was decided that as the owner is still making forward progress the Manager would be asking for updates every week to make sure that progress is being made. Although the owner has been working on mitigating trees and installed a road, Board members still have concerns about the time he has lived in temporary housing on the property. In order for the owner to continue to stay on the property and work on it, he will have to come to the Board and ask for an exception to the 120-day rule that is outlined in the Covenants. If the Board is not satisfied that significant progress is being made in the development of the property, the Board will not consider granting an exception

and the fines per the Association's governing policies will be considered. As the owner has received a first letter of abatement, the second letter will outline the hearing date and potential of fines, per rules of Article IV of the Association's responsible governance policies.

Accounts Receivable:

At the November 12, 2016 Board Meeting, there was a Motion to foreclose the Association's assessment liens against 10 owners with long outstanding assessments. Of the original 10 owners, 7 have paid in full, one is on a payment plan and the other two lots were acquired by SPOA through the foreclosure process. The lots acquired are Lot 95 in Overland and Lot 22 in South Station II.

At the August 19, 2017 meeting, the Board reviewed a list of owners more than two years in arrears and referred them to the Association's attorney for the issuance of final collection demand letters and recordation of liens. There were 32 lots on the list of which owners of 11 lots have made payments, 5 lots have new owners as a result of tax lien foreclosures and the owners of 16 lots did not respond to the legal demand letter.

The A/R aging report as of February 12, 2017 shows 611 lots that owe a total of \$98,717. In comparison on February 12, 2017 there were 591 lots that owed a total of \$80,255. The top ten (10) accounts in arrears owe \$12,128 in comparison to \$9,244 from 2017. There are 117 lots that owe more than the current year's assessment (>\$125.00).

Treasurer's Report:

Current Financials for 2017 Fiscal Year End (Preliminary): John Troka presented the financial report.

Total Cash at the end of December was \$479,430 of which \$157,066 are restricted road funds held for Horseback, Morningside and South Shore.

Accounts payable at the end of July was 10,844.

Operating income for 2017 was \$102,460. This amount reflects net operating assessments of \$95,758 and \$6,702 in other income which is predominately late fees.

Operating expenses for 2017 was \$93,233 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. The total expenses for the year

are under the total amount budgeted for 2017, with all line items finishing the year within \$500 of budgeted amounts with the exceptions of: Insurance, which finished the year at (\$4,231) under budget as a result of renegotiated rates and the refunding of prior year premiums paid; Office/Admin Expense at (\$578) under budget; and Utilities, which is for the irrigation at Coyote Run Park which was (\$877) under budget. For the year ended December 31, 2017, the net operating fund surplus was \$9,227.

Project/Reserve Fund income for 2017 was \$112,557 and is composed of \$84,431 in annual assessments and \$299 in interest income. 2017 project/reserve spending was \$73,385. Of this amount, \$24,530 was spent to replace failed culverts at critical owner access points on Whiffle Tree, Shay Way, and Filly Trail East. Spending on trail projects was \$18,636 which included the new Young's Peak Connector trail built by Routt County Riders as well as improvements to the Nordic Trail parking lot. There was \$27,382 spent on wildfire mitigation efforts focused on eliminating slash piles left over from prior beetle kill mitigation project. The YTD spending also amounts for an additional mail cluster box at the South Shore postal area.

Restricted Fund income for 2017 was \$157 which was the interest earned on funds held. 2017 spending was \$948 which was for legal work associated with enabling use of the Morningside/South Shore Restricted Road funds for other infrastructure projects in these subdivisions.

Accounts Receivable – Collections: Accounts Receivable as of December 31 was \$231,370. The high balance reflects the invoicing of the 2018 annual assessment which was done in December. The annual assessment is due on Jan 1st of each year.

Disposition and Retention of Lots acquired via Foreclosure: The Board discussed the successful completion of its foreclosure actions on Lot 95 in Overland and Lot 22 in South Station II and the process to offer these lots for sale to the public. It was suggested to notify the neighboring lot owners who may be interested in the properties for consolidation. In addition, a notice will be put in the newsletter indicating the Association is selling the lots and will be accepting offers.

Determination of 2018 Foreclosure Actions: John Troka presented the list of properties significantly delinquent in paying their annual assessments that the Board previously directed the Community Manager to have the Association's attorney send demand letters to. Of the 32 lots on the list receiving demand letters, owners of 11 lots have made payments; 5 lots were acquired by new owners via tax lien foreclosures and 16 owners did not respond to the demand letter. As the next step in the collection process, the Board evaluated the 16 non-respondents

to determine if the Association should pursue foreclosure of its liens on these properties. In considering the amounts due to the association and the expected costs to foreclose on the properties, including the payment of any unpaid property taxes, versus the fair market value of the property, it was determined there was only a single lot for which foreclosure may be an economically viable solution and in the best interest of the Association. The lot in question is part of a Meadowgreen Local Improvement District and currently has a significant outstanding property tax and special assessment balance due to Routt County. Given the potential significant costs to complete a foreclosure action on this lot, the Board choose to defer a decision at this time and requested Matt Kaufmann, who works in the Real Estate industry, validate the market demand and fair market value of this lot. The Board will revisit this issue at its next meeting.

New Business continued:

Owner donation of Lots: The Manager has been contacted by two separate individuals that are interested in possibly deeding their lots to the Association. The Board discussed the opportunity to accept donated lots and convert them into common areas. There are requirements under the State statutes governing the Association as well as potential costs associated with accepting lot donations that need to be investigated further. As such the Board will not consider accepting lot donations until additional research can be done and a policy be put in place to address this issue.

2018 Projects/Initiatives: The Board had a Round table discussion concerning projects and goals for the 2018 fiscal year. The main topics to be worked on include the possible amendments to the Covenants, forest mitigation work and plans, recreational amenities, road work and discussions and planning of a possible community center. Board members were requested to bring specific 2018 project initiatives proposals to the next Board meeting for discussion.

Nominating Committee: There are currently two vacancies on the Board due to the resignations of Seann Conway and Zed Ogle. At the annual meeting there will be three positions up for election. Zed Ogle's term was up this year as well as the terms for Barbara Houston and Rob Walker who was appointed to fulfill a vacancy last year. John Troka asked the Board members to help identify and encourage members of the Association to consider serving on the Board and standing as a candidate for appointment and/or election. In addition, candidates will be solicited via an article in the upcoming newsletters. Members interested in serving on the Board are encouraged to contact the Community Manager for more information.

As Seann Conway was serving as the Association's Treasurer, his resignation left this officer position vacant. The Board discussed who on the Board would be able and willing to fill this position.

MOTION: Tom Watts made a Motion to appoint Matt Kauffman as Treasurer to replace Sean Conway's term until the annual meeting. John Troka seconded the Motion. The Motion passed without dissent. Matt Kaufmann accepted the position.

Next Board Meeting: The next Board meeting is scheduled for Saturday, May 19, 2018 at the Resort Group Conference Room.

The Meeting was adjourned at 1:30 p.m.