

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
January 23, 2016

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

Board Members present by teleconference: Art Fine and Larry Wilson.

Management Present: Bryan Ayer, Association Manager for Steamboat Association Management (SAM)

Owners Present: Sondra and Justin Spratta - Lot #83 Eagles Watch
Thomas Taylor – Lots 51/52 High Cross
Mary (Lauren) Dobell – Lots 53/54 High Cross

Guests Present: Jill Brabec – Attorney representing Zed and Pam Ogle and John DiNicholas.

John Troka called the meeting to order at 9:05 am.

With all Board Members attending, a quorum was present.

Approval of Board Meeting Minutes and Ratifications:

Approval of October 3, 2015 Board Meeting Minutes

Motion: Tom Rashid made a Motion to approve the minutes as written. Tom Watts seconded.
Motion passed without dissent.

Approval of November 9, 2015 Teleconference Board Meeting Minutes

Motion: John DiNicholas made a Motion to approve the minutes as written. Brad Church seconded.
Motion passed without dissent.

Member Comment:

There were no member comments at this time.

High Cross Covenant Amendment Proposal

The Board reviewed and discussed a proposed amendment to the High Cross Declaration of Covenants, Restrictions and Conditions. The proposed amendment was prepared and sent to the Association by attorney Jill Brabec, on behalf of her clients Zed and Pam Ogle and John DiNicholas, owners of property within the High Cross subdivision. The purpose of the amendment is to remove SPOA as the entity responsible for the administration and enforcement of the High Cross covenants. The amendment replaces all references to SPOA with the "High Cross Owners Association", an owners association to be formed and comprised solely of High Cross Subdivision owners. The High Cross covenants can be amended by "... an instrument signed by not less than fifty-one percent (51%) of the Owners..." With 65 lots in the High Cross subdivision, owners representing 34 lots would be required to sign (approve) the amendment.

The SPOA Board asked for it to be noted that the proposed amendment to the High Cross covenants is not a Board initiated action, but rather it is a High Cross owner initiated proposal.

There was discussion as to a potential conflict of interest on this matter as both Zed Ogle and John DiNicholas are members of the SPOA Board. Both members also own lots governed by SPOA which are outside of the High Cross subdivision. The Association's Conflict of Interest policy does not prohibit the directors from participating in the discussion and both directors have disclosed their ownership interest in High Cross. No action was taken at this time.

John DiNicholas spoke as to the reason behind the proposed amendment being the desire of owners within High Cross to be self-governed. He stated that they have reached out to all High Cross owners to present and discuss their proposal. He indicated many High Cross owners support the proposed amendment as evidenced by the letters of support they have provided to the Board. These letters are from owners of 25 lots within High Cross which is approximately 75% of the 34 lots needed. The SPOA Board also heard from High Cross owners attending the meeting who expressed reservations about the proposed amendment and were seeking additional information and understanding as to the potential impacts to them as High Cross property owners.

Jill Brabec, speaking on behalf of her clients, indicated that it was their desire to work closely with the Association and its Board on the amendment and the process so as to maintain a positive relationship with SPOA and to ensure that any vote on the proposed amendment is recognized by SPOA as a valid and binding vote.

Further discussion ensued with the focus being on SPOA's involvement in the amendment process. Specifically, should the Association proactively engage with the High Cross owners in presenting the proposed amendment to all High Cross owners for a vote, or should the Association be reactive and wait to respond until presented with an approved amendment (i.e., High Cross owner unilaterally pursue approval and present a document signed by owners representing at least 51% of the lots.). The Board

discussed the risks and benefits of both approaches including the need, but also the difficulty, in ensuring High Cross owners were presented with comprehensive information about the amendment and its impact on their property rights if they are separated from SPOA.

Given the discussion on possible adverse impacts to the property rights of High Cross owners, Tom Watts questioned whether the amendment as proposed is allowed per the existing High Cross covenants. Specifically he cited Article X, item 6 of the High Cross covenants which states “No part of the Declaration may be amended in such a manner that it will adversely affect the existing rights of any Owner...”

MOTION: John Troka made a motion for SPOA to seek legal counsel on the proposed amendment to the High Cross covenants to determine if it complies with the requirements of the existing High Cross covenants and governing law for the amendment of the covenants. John DiNicholas seconded.

Motion passed. Dissenting: Art Fine, Tom Watts, and Larry Wilson. Abstaining: Brad Church

MOTION: John Troka made a motion for SPOA to seek legal counsel as to potential adverse impacts on the property rights of all other SPOA property owners from the proposed High Cross covenant amendment. The amount of legal expense not to exceed \$2,000. Tom Watts seconded.

Motion passed. Abstaining: John DiNicholas

No further discussion or action taken on this matter pending feedback from SPOA legal counsel.

Community Manager’s Report:

General Business Summary: Bryan Ayer of Steamboat Association management provided an update on Association business matters. The majority of work for the quarter revolved around the mailing of the 2016 Annual billing and the phone calls, emails and follow up to bad addresses in regards to the mailing. There was also time spent on communication with the ownership concerning the Amendment to the SPOA Declarations through email, mailing of letters and the website. The communication with High Cross owners concerning the Amendment to their document through email and letters was also an important part of this quarter.

Other business items included the purchase and installation of mailboxes in Meadowgreen and Morningside and the purchase and installation of signage throughout the SPOA area. The cross county trail has been up and running and Bryan is keeping a spreadsheet of the days it is groomed. A box was installed on the sign at the cross country trails with maps for users.

The Oak Creek Post Office recently contacted the Association regarding the need for an additional parcel cluster box at Ute Trail in Morningside.

MOTION: Tom Watts motioned to allow the manager to spend up to \$1,175 plus installation costs of project/reserve funds for an additional package cluster box for Ute Trail in Morningside. Zed Ogle seconded.

Motion passed without dissent.

Bryan Ayer then presented a real estate summary from an email from a local realtor. The summary stated that there are a total of 88 active listings with an average of just under 2 sales per month.

MOTION: John DiNicholas made a motion to waive newsletter advertising fees for real estate agents that compile data and write an article about the current real estate market for the SPOA newsletter. Tom Watts seconded.

Motion passed without dissent.

ACC/CCR/Rules: As it is winter, there are not as many applications before. Bryan Ayer highlighted some of the ongoing projects and the most recent request for a shed.

Accounts Receivable/Collections: The preliminary A/R balance for December 31, 2015 was \$180,503. The balance includes approximately \$136,000 from the 2016 annual assessments billed in December 2015 and due on January 1, 2016. The A/R balance includes \$42,411 for accounts which are past due more than 90 days. The Association continues to work closely with SAM to collect monies owed on significantly overdue accounts and has recently received payments from members on both the lien and foreclosure lists.

Treasurer's Report:

Brad Church presented the **preliminary** 2015 financial statements as of December 31, 2015. The Association is still in the process of completing the accounting close for the 2015 fiscal year. The preliminary financial results for the 2015 fiscal year reflect:

Total Cash at the end of December was \$367,471 of which \$157,664 is in restricted road funds for Horseback, Morningside and South Shore.

Accounts payable at the end of December were \$3,043

Operating income for the 2015 fiscal year was \$118,112. This amount reflects net operating assessments of \$110,456 and other income (i.e., late fees, fines, etc.) of \$7,656.

Operating expenses for the same period totaled \$86,978. These expenses include such items as management fees, professional services, such as accounting and legal expenses, meeting and member communication costs, utilities and maintenance for the Coyote Run playground and grooming costs of the Nordic Trail. As of December 31, 2015 total operating expense was approximately 87% of the total annual budget and the Association has a primary YTD operating surplus (operating income minus operating expenses) of \$31,134.

Project/Reserve income and expenses reflect \$58,068 in general project/reserve fund income from annual assessments and interest in 2015. Project/reserve spending was \$19,601. Project/reserve expenses reflect spending on approved projects including road maintenance, community signage, common area improvements, and legal expenses associated with maintenance and enforcement of our governing documents. The net surplus of the project/reserve fund at the end of December was \$38,467.

Restricted Funds income and expenses for 2015 reflect \$1,047 in interest income on funds held. There were restricted fund expenses in 2015.

Reports from the Association's accounting system were presented showing that a financial sub-ledger for High Cross has been established. The Association is now able to produce the consolidated financial statements for the Association as well for the High Cross subdivision. Income and expenditures that are specific to High Cross will be coded to the High Cross sub-ledger. In addition, shared association costs will be allocated on a pro-rata basis (65 lots/2300 lots) to the High Cross sub-ledger.

Road Committee Report:

The Road Committee is currently made up of 4 Members: John Troka, John DiNicholas, Robert Skorkowsky and Sarah Woodmansee. Corky Fisher has resigned from the Committee.

The Road Committee has met two times so far and has a goal of meeting every 2 months. The first meeting was an introduction to the history behind SPOA roads and current issues. At the second meeting they identified the following goals they are working toward:

- Draft policies for road construction
- Create a road infrastructure database with an outcome that may be similar to that of the county road inventory. The database will be used to identify and classify road segments and road infrastructure as well as track construction and maintenance history. This information will be used to forecast future maintenance/replacement requirements.
- Focus on how the newly passed amendment could work to help build roads with a possible focus on the Halter and Shay Way areas as test cases as there has been past research done in this area. The first step would be to do a survey of the owners of a specific area to see if they would be interested in pursuing a project.

MOTION: Tom Watts made a motion to allocate \$100 for a survey of members interested in building a road within the areas served by Halter Way and Shay Way. The specific groups of lots to be surveyed are to be determined by the Road Committee. Art Fine seconded.

The Motion passed without dissent.

Old Business

2013 Covenant Amendment: John Troka spoke to the recent court approval of the amendment to the Association's covenants (*Note: This amendment does not affect the High Cross covenants*). On December 11, 2015, the Routt County District Court heard the Association's petition to amend its covenants. The Court, having reviewed the petition and supporting documents and ensuring the Association met all legal requirements, approved the petition. The amendment allows smaller groups of property owners to work with SPOA to levy special assessments against only those lots specifically benefitting from a capital improvement project.

Note: Art Fine left the meeting at 1:00pm. With eight of nine board members still in attendance, a quorum was maintained.

Scrafford Arbitration There was a face to face meeting with Mr. Scrafford, John Troka, John DiNicholas and Bryan Ayer on December 11th. The Association presented Mr. Scrafford with a draft agreement for his review. The agreement, when finalized, will include specific agreed upon actions to be taken to clean/organize his lot. At the time of the meeting, the snow cover prohibited a meeting at his property to identify the specific actions to be completed. As spring approaches, Mr. Scrafford will be contacted again and a meeting will be arranged to finalize the agreement. It was noted that Mr. Scrafford has paid all past due assessments and associated late fees on his property.

Acquisition of Multi-Purpose Tractor: Brad Church gave a presentation that summarized possible scenarios of costs, potential usage and challenges and solutions concerning the acquisition. There was discussion regarding whether to pursue the purchase of the tractor or continue to utilize subcontractors for activities which would be performed with the tractor.

MOTION: Tom Watts made a motion to acquire a John Deer Tractor and the appropriate implements. The acquisition amount is not to exceed \$100,000. Zed Ogle seconded the motion.

Motion failed. Dissenting: Brad Church, Barb Houston, Tom Rashid, John Troka, and Larry Wilson

It was determined additional member feedback on the possible acquisition of a multi-purpose tractor would be helpful. Brad Church will make a similar presentation at the Annual Meeting in July and at that time members will be surveyed to determine the level of support for the acquisition of the tractor.

New Business:

Funding Requests: There were three (3) funding requests for review. These requests were from High Cross, Wagonwheel and Doug and Deb Waggoner.

1) Request for funds to pushback excess accumulated snow along roads accessing High Cross for safety reasons. Per Article IV section 2 of the High Cross Declaration, SPOA is responsible for removal of snow from all common area roads in High Cross. The cost of this activity to be paid for by the High Cross owners via funds collected through the annual assessment process. There was discussion concerning the access to High Cross from RCR 16 and the benefit of the snow pushback to members along portions of Filly Trail and King Bolt Trail in Black Horse I and Overland.

MOTION: Tom Watts made a motion to allocate \$750 to plow from the farthest occupied residence in High Cross out to county Road 16 with the amount being paid from High Cross funds. Brad Church seconded.

Motion failed. Dissenting: Zed Ogle, John DiNicholas, Tom Rashid, and John Troka. Abstaining: Barbara Houston.

MOTION: John DiNicholas made a motion to push back excess accumulated snow from the farthest occupied residence in High Cross out to county Road 16 with High Cross paying 75% and SPOA paying 25% up to a maximum of \$1,000 for the project. The Motion was seconded by Zed Ogle.

Motion passed without dissent.

2) Request from Wagonwheel Condominiums Owner's Association to share the cost of completed storage area fence project. In October 2012 the SPOA Board approved \$2,500 for this project. The project was not completed in a timely manner due to lack of funds and SPOA rescinded its prior funding approval in April 2013. The project was completed by the Wagonwheel owner's association in the summer of 2015 and they have requested reinstatement of the previously approved \$2,500.

MOTION: Tom Watts made a motion to approve an amount of \$1,500 towards the project. There was no second.

MOTION: John DiNicholas made a motion to approve an amount of \$2,000 towards the completed fence project for Wagonwheel. Tom Watts seconded.

Motion passed without dissent.

3) Request from Doug and Deb Waggoner for financial assistance for the completed road extension of Filly Trail from the intersection of Filly Trail and Palamino Way to Lot 8 of Blackhorse II. While the road exceeds the required single driveway standard, it does not meet all of the Routt County standards for a common road. The Waggoners provided an original cost estimate of \$13,100 for the work to be

performed. They did not request a specific amount to be reimbursed but rather requested any amount of assistance the Board deemed appropriate.

There was no motion at this time and John Troka said that the Road Committee will look at this request in consideration of how many lots it serves and then make a recommendation to the SPOA board.

Newsletter: The Board would like the next Newsletter published by the end of February. To accomplish this, all articles for the newsletter need to be submitted to Bryan Ayer by Feb 7th.

Next board Meeting:

The Next Board meeting is scheduled for Saturday May 14th. Bryan Ayer will attempt to schedule the Oak Creek Community Center for the meeting.

The Meeting was adjourned at 3:25 PM