

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
May 18, 2019

Board Members Present: John Troka (President), Rob Walker (Vice President), Kayleen Cohen (Secretary), John DiNicholas, Tom Watts, Kate Rachwitz and Matt Kaufmann

Management Present: Bryan Ayer, Association Manager

Owners and Guests Present:

Jeff Rachwitz – Lots 134 – 136 and 147-148 Sky Hitch 4
Corky Fisher – Lot 27 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 February 16, 2019 Board Meeting Minutes

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

Member Comments:

There was no public comment at the time.

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

Community Burn Pile: At the August 18, 2018 board meeting, the Board approved up to \$14,500 of Project/ Reserve Funds for the burning of approximately 21 slash piles. In the fall, the community slash pile at Stirrup Way in Sky Hitch was burned. Natural Resource Solutions Group wasn't able to address the other piles in the fall and are currently checking into whether or not they can get to some of them this spring within the burn window allowed.

State Park Requests: The manager presented a bid provided by the Stagecoach State Park from I Design Landscaping to plant three to five Lance Leaf cottonwoods at Morrison Cove within the State Park where new picnic tables had been installed last year.

MOTION: Tom Watts made a Motion to approve an amount not to exceed \$3,300 for the installation of five (5) trees at the Morrison Cove location. Kate Rachwitz seconded the motion. Without further discussion, the motion passed without dissent.

Grant Application from Eagles Nest Townhomes: The manager presented a neighborhood grant application from Eagles Nest Townhomes. Eagle Nest is a townhome community comprised of 5 buildings, 32 units and common areas. The application was for tree safety and wildfire mitigation across the property. The grant application included a bid from All Weather Services in the amount of \$10,600 to \$13,250 for the scope of work request by the Board of the Eagles Nest community.

MOTION: Tom Watts made a Motion to allocate \$2,000 of the Neighborhood Grant Program funds to be paid to the Eagles Nest owners association upon proof of their payment to the vendor for the work performed. Matt Kaufmann seconded. There was no further discussion. The motion passed without dissent.

ACC Applications: There are currently 4 house applications in various stages. The manager brought to the attention of the Board an issue involving a deck application in Red Hawk Village. Due to oversight from the owner, the deck addition was approved by the Red Hawk Village Board, yet the owner failed to apply to the SPOA ACC. As a result, it was determined that the deck is actually in violation and thus should go to the Rules Committee, which is comprised of the three Board members in their 3rd terms. As it is a violation, the ACC will not approve or disapprove the plans, but can be consulted on whether or not they would have approved the project. Next steps will be based upon a decision of the rules committee on whether to pursue the violation.

In reviewing plans for structures larger than 120 square feet, there is a formal and informal process. Applications may be submitted formally or informally. A formal application requires the ACC to approve or disapprove the submittal within thirty days as per the Covenants. A formal application requires that the plans submitted to the ACC are substantially the same plans as those submitted to the building department.

An Informal agreement is another option which allows for discussion between the ACC and the applicant in order to achieve a plan that can be submitted to the Routt County Building department that is acceptable to the ACC. As it is not a formal application, the 30-day requirement is waived with the end result being an approved plan that can be submitted to the County for approval. This option works well for projects or houses that are a bit out of the ordinary or if the owner would like to work with the ACC to avoid the cost of multiple redesigns and submissions to the County for plans that will not be accepted by the ACC.

Prior to this meeting, the manager received communication from an owner concerning the wording and overall meaning of the informal agreement. The manager and ACC chairman, Tom Watts, had discussed the issue and are currently in the process of changing some of the language. There were concerns from this particular owner that the agreement was in violation of the Covenants. It was concluded that as the agreement is between the ACC and an individual applicant it works with the Covenant to provide options for members in the application process.

Covenant and Rules Enforcement: The manager outlined a couple of ongoing violations. One involves an illegal shed that was built in South Station II that was never completely disassembled. The owner has refused in the past to work with the manager to solve the issue and as a result will be turned over to the attorney following one more notification from the manager. There is also an illegal shed that was built in the fall of 2018 in Sky Hitch IV that needs to be moved by June 1st or a second letter will be sent per the Association's governance policy. The letter will outline the new date for compliance and the owner's right to request a hearing.

Accounts Receivable: As of March 31, 2019, there were 530 lots that owed a total of \$88,538. As of May 15, 2019, 453 lots owed a total of \$72,264. 39 Lots owe more than \$300, 99 lots owe between \$200 and \$300. These amounts are highlighted as they reflect accounts which owe more than one year's assessments.

Treasurer's Report:

Taxes for the 2018 Fiscal year are still being compiled by the Accounting firm and an extension has been filed. The end of fiscal year 2018 financial statements will be complete once the depreciation entry to the project and reserve funds is calculated is provided by the tax accountant.

MOTION: John Troka made a motion that upon the posting of the final 2018 entry for depreciation, to transfer the accumulated operating fund surplus in excess of 10% of the 2019 operating budget (\$11,220) to the Project/ Reserve Fund. The transfer will be approximately \$20,900. Kate Rachwitz seconded. There was no further discussion. The motion passed without dissent.

The Association's financial reports through March 31, 2019 were presented.

Total Cash at the end of March was \$682,690 of which \$149,538 are restricted road funds held for Horseback, Morningside and South Shore.

Accounts payable at the end of September was \$1,663.

Operating income for the first quarter was \$29,639. This amount reflects net operating assessments of \$26,702 and \$2,937 in other income which is late fees, newsletter income and ACC Fees for house applications.

Operating expenses for the same period totaled \$27,289 and includes management fees, meeting and member communication costs and common areas maintenance costs for the Nordic trail. As of March 31, 2018, the **net operating fund surplus** was \$2,349.

Project/Reserve Fund income for the first quarter was \$41,461 and reflects \$40,108 in project/reserve assessments and \$1,015 in interest. Net project/reserve spending for the first 3 months was \$25,400. This includes \$18,199 in road maintenance projects, that although were completed in 2018, were not invoiced and paid until 2019. There was also \$6,900 in costs, primarily printing and postage, associated with the proposed covenant amendments and \$325 in legal fees tied to a covenant enforcement action.

Restricted Fund income for this period was \$338 which was the interest earned on funds held. There were restricted fund expenses in the quarter.

Project/Reserve Fund Spending: John Troka presented a chart on the completed or cancelled projects and their approved funding and amounts spent.

MOTION: John Troka made a motion to close the completed/cancelled projects as identified on page 32 of the May 18, 2019 Board packet and to release all unused project/reserve/restricted funds, in the amount of \$42,585, back to the original funding source for allocations to other projects as approved by the Board of Directors. Kate Rachwitz seconded the Motion. There was no further discussion. The motion passed without dissent.

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 March 31 was \$90,890.

CDARS Investment Proposal for Reserve & Restricted Funds: At its February 16, 2019 meeting, the Board moved 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 and also to invest \$140,000 from the Restricted Road funds into a new CDARS account at Yampa Valley Bank with a term of 13 weeks. These investments will reach the end of the term in June.

MOTION: John Troka made a motion for the Project/Reserve Fund, to invest an additional \$100,000 in CDARS with a 13 week term AND upon the maturing of the current \$250,000 - 90 Day CDARS investment on 6/27/19, to reinvest \$100,000 in CDARS with a 52 week term and also \$100,000 in CDARS with a two (2) year term and to return the excess amount to the unrestricted money market account. Tom Watts seconded the motion. There was no further discussion. The motion passed without dissent.

MOTION: John Troka made a motion for the Restricted Fund, that upon the maturing of the current \$140,000 - 13-week CDARS investment on 6/27/19, to reinvest \$125,000 in CDARS with a 52-week term

and to return the excess amount to the restricted fund money market account. Tom Watts seconded the Motion. There was no further discussion. The motion passed without dissent.

Old Business:

Covenant Amendment Updates: John Troka presented the latest voting results for each of the four proposed covenant amendments. The overall owner response rate is at 64% and each amendment has the required number of “in favor and approve” votes needed to petition the District Court for approval. The Association has fulfilled all requirements to petition the District Court for approval as outlined in CCIOA Section 38-33.3-217(7). As a result, the Board decided to close the voting process as of May 31, 2019 and seek court approval for any proposed amendments that are not approved and accepted outright by owner voting as of that date. Altitude Community Law will assist the Association on petitioning the District Court approval of the covenant amendments.

MOTION: John Troka made a motion to take proposed Amendment #1, regarding water wells, through the court petition process outlined in CCIOA Section 38-33.3-217(7) if not passed outright by owner voting as of May 31, 2019. Kate Rachwitz seconded the motion. There was no further discussion. The motion passed without dissent.

MOTION: John Troka made a motion to take proposed Amendment #2, regarding the allowing of chickens, through the court petition process outlined in CCIOA Section 38-33.3-217(7)) if not passed outright by the owner voting as of May 31, 2019. Kayleen Cohen seconded the motion. The Board then revisited concerns that allowing chickens would attract unwanted predators. The motion passed five votes to two. Tom Watts and Rob Walker were dissenting.

MOTION: John Troka made a motion to take proposed Amendment #3, regarding the allowance of horses, through the court petition process outlined in CCIOA Section 38-33.3-217(7)) if not passed outright by the owner voting as of May 31, 2019. Kate Rachwitz seconded the motion. There was no further discussion. The motion passed without dissent.

MOTION: John Troka made a motion to take proposed Amendment #4, regarding trailers, through the Court Petition Process outlined in CCIOA Section 38-33.3-217(7)) if not passed outright by the owner voting as of May 31, 2019. Matt Kaufmann seconded the motion. There was no further discussion. The motion passed without dissent.

MOTION: John Troka made a motion to authorize \$20,000 of Project/Reserve Funds to cover costs (printing, postage, legal fees, court costs, etc.) of the covenant amendment process. Kayleen Cohen seconded the motion. There was no further discussion. The motion passed without dissent.

2020 Management services RFP: An RFP has not yet been prepared. The Board discussed recent State legislative action approving a one-year extension of the requirement for State licensing of community managers. This requirement was set to expire at the end of June.

Wildfire Mitigation: At the February meeting the Board approved the Fire Mitigation Proposal from NRSB for homeowner fire mitigation education. The manager worked with Sharon Kyle of NRSB to help promote the Routt County Wildfire Mitigation Conference to the ownership. Board member, John DiNicholas, attended the conference and said that it was very educational, however there were only a couple owners from SPOA that attended. The manager asked for more direction from the Board on what they would like to see as next steps. The Board would like to continue to build towards the fulfillment of the FIREWISE program as well as a plan to qualify the highest priority areas for mitigation and develop a letter to owners in those particular areas. The letter would include an agreement with options for either the lot owner to mitigate their own property within a certain amount of time, allow SPOA to mitigate the property for them at an estimated cost that they could pay directly to the vendor or that SPOA will enforce their ability to mitigate the property under Article V. Section p of the Covenants regarding Exterior Maintenance due to safety concerns and the presence of hazardous materials. The cost of such exterior maintenance shall be added to and become a part of the assessment to which such lot is subject. The Association would continue to investigate and apply for grants to help defray costs associated with its wildfire mitigation efforts.

2019 Road Maintenance Projects: At the February Board meeting, the Board voted to spend up to \$12,500 of Project/Reserve funds for the proposed 2019 road maintenance projects. Prior to this meeting there was still too much snow for the vendor to assess and respond to the specific project requests. There was a suggestion to add one more culvert to the scope of work on Halter Trail as well as get an estimate on a recommended amount of gravel for Shay Way to help enhance the structure of the road.

Community Center: Tom Watts has received some interest from the article that was posted in the last SPOA newsletter and will work on putting together a meeting or conference call to solicit ideas from the interested parties.

Community Trail System – Master Plan: The manager was recently contacted by Peter Patten of Patten and Associates who has been instrumental in the design of several trail systems in the area including the Neighborhoods at Youngs Peak, Middle Creek Village and the Stagecoach Ski Mountain. The manager presented a draft scope of work for a Master plan and will send it out to the Board for their review and comments.

Recycling program for SPOA: There were no updates at this time.

Tiny Homes: Kayleen Cohen stated that at this time the committee has tabled the subject of tiny homes and would instead continue to work on education about what types of homes can be built within the

restrictions of the SPOA Covenants that allow for 1000 square foot minimum for houses, which could be fulfilled with an 800 square foot home and a 200 square foot deck as just an example.

New Business:

2019 Annual Meeting: The SPOA Annual meeting is scheduled for July 20, 2019 at the SOROCO High School as in previous years. The Board discussed the proposed agenda. There are three positions up for election at the annual meeting. 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. Both Vicky Weber and John DiNicholas were originally appointed due to resignations from previous Board members and both have only served one elected term. As a result, both Board members can run for another term of 3 years.

2nd Quarter Newsletter: The deadline for submission for the 2nd quarter newsletter is mid-June and the Board was asked to send any articles to the Manager.

Executive Session: In the interest of time management, an Executive Session was moved up in the agenda.

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. Matt Kaufmann seconded the motion. The motion was approved without dissent.

The Board entered executive session at 12:40 p.m. and adjourned from executive session at 12:45 p.m. There was no motion made from Executive Session.

New Business Continued:

Architectural Control Committee – Policy Proposals: The ACC has reviewed quite a few applications for 2019 and has found that one of the largest challenges of reviewing an application is interpretation of the Covenants and how each application fulfills the requirement as to harmony of external design and location in relation to surrounding structures and topography. As a result, the ACC Chairman, Tom Watts, has developed some proposed policies regarding such items as colors, materials, the approval and disapproval process and the ACC voting procedure.

Policy 2019-4 relating to decision making by the Architectural Control Committee: The Board reviewed and discussed the draft policy that addresses the decision making/voting process of the ACC.

MOTION: John Troka made a motion to appoint board members fulfilling their 2nd year of the three-year term to fill in as "on call" ACC members if needed to ensure compliance with the covenant

requirement for application to be considered by a committee of at least three individuals. Kate Rachwitz seconded the motion. There was no more discussion. The motion passed without dissent.

MOTION: Tom Watts made a motion that the proposed policy 2019-4 be published in the 2nd quarter newsletter and set for discussion and adoption at the 3rd qtr. Board meeting pursuant to the Association's governing policy on adopting/amending policies, procedures and rules. Kate Rachwitz seconded the motion. There was no more discussion. The motion passed without dissent.

MOTION: Tom Watts made a motion to appoint Jeff Rachwitz, owner of several lots in Sky Hitch IV to serve as an ACC member. Kayleen Cohen seconded the motion. There was no more discussion. The motion passed without dissent.

SPOA Policy 2019-3 relating to the application of the phrase, "No building... or other structure shall be commenced, erected, or maintained ... until the plans and specifications showing the nature, kind, shape, height, material and location of the same shall have been submitted to and approved in writing ... by the Board of Directors of the Association, or by an Architectural Committee comprised of three (3) or more representatives appointed by the Board;" found in Article V of the Stagecoach Declaration of Covenants, Conditions and Restrictions. The Board reviewed and discussed the draft policy that addresses the approval process for structures within the community.

MOTION: Tom Watts made a motion that the proposed policy 2019-3 be published in the 2nd quarter newsletter and set for discussion and adoption at the 3rd qtr. Board meeting pursuant to the Association's governing policy on adopting/amending policies, procedures and rules. Kate Rachwitz seconded the motion. There was no more discussion. The motion passed without dissent.

SPOA Policy 2019-2 relating to the application of the phrase, "harmony of external design and location in relation to surrounding structures and topography," found in Article V of the Stagecoach Declaration of Covenants, Conditions and Restrictions. The Board reviewed and discussed the draft policy that addresses acceptable design elements and materials for structures within the community.

MOTION: Tom Watts made a motion that the proposed policy 2019-2 be published in the 2nd quarter newsletter and set for discussion and adoption at the 3rd qtr. Board meeting. Kate Rachwitz seconded the motion. There was no more discussion. The motion passed. Kate Rachwitz was in dissent.

SPOA Policy 2019-1 relating to the application of the phrase, "harmony of external design and location in relation to surrounding structures and topography," found in Article V of the Stagecoach Declaration of Covenants, Conditions and Restrictions. The Board reviewed and discussed the draft policy that addresses acceptable colors for structures within the community.

MOTION: Tom Watts made a motion that the proposed policy 2019-1 be published in the 2nd quarter newsletter and set for discussion and adoption at the 3rd qtr. Board meeting pursuant to the

Association's governing policy on adopting/amending policies, procedures and rules. Kate Rachwitz seconded the motion. There was no more discussion. The motion passed without dissent.

Next Board Meeting: The next regularly scheduled Board meeting will be held immediately following the 2019 Annual meeting on July 20th for the purpose of electing officers to serve one-year terms ending at the annual meeting in 2020 and reviewing the calendar of scheduled Board meetings.

The Board meeting was adjourned at 2:55 p.m.