

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
November 18, 2017

Board Members Present: John Troka (President), Rob Walker (Vice President), John DiNicholas (Secretary), Seann Conway (Treasurer), Zed Ogle and Barbara Houston.

Board Members Present by Teleconference: Tom Watts and Matt Kaufmann.

Management Present: Bryan Ayer, Association Manager

Owners and Guests Present:

Kris Middledorf - Area Wildlife Manager (Area 10)
Andrea Sponseller - District Wildlife Manager (Yampa District)
Andrew Dean - Senior Ranger (Stagecoach State Park)
Larry Calistro – Overland

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

With 8 Board Members attending, a quorum was present.

Approval of Board Meeting Minutes and Ratifications:

Approval of August 19, 2017 Board Meeting Minutes

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

Member Comments:

There were no member comments at this time.

Presentation and discussion of proposals by Colorado Parks & Wildlife

In an effort to maintain transparency and continue to build on the partnership with the South Routt community, Stagecoach State Park contacted the Manager and made a presentation to the SPOA Board in regards to a new proposed trail in the area as well as potential changes to the Morrison Creek Day Use area.

The State Park and the BLM have been contacted by many people regarding access, without trespassing, to the BLM parcel above Stagecoach Lake and near the South Shore subdivision. Recently the Association has worked with the BLM to keep the public from trespassing across private property along

Shoshone Way in the South Shore subdivision. The access point to the BLM parcel that crosses the Association's common area remains open to all SPOA members.

The Stagecoach State Park Staff is developing a proposal for a new multi-use trail that connects the park with the BLM parcel via the Elk Run Trail near the Stagecoach Dam. This proposal 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. The proposed parking area would accommodate parking for up to eight vehicles and would include the necessary trail and park signage.

The proposed new trail would connect the parking area to the park's existing Elk Run Trail and then into the BLM parcel through a new trail segment. The new trail will be approximately 4-miles and eventually connects into the existing 2-track trail that already exists in the parcel to east of the South Shore property line.

The park staff also recently completed an internal review of their current and projected budget and how that relates to park maintenance, seasonal staffing and future park priorities in relation to the Colorado Parks and Wildlife Strategic Plan. In light of the current financial reality and after an analysis of the public use patterns at the Morrison Day Use Area, the park staff is proposing changes to the management and recreational opportunities of the Morrison Creek Day Use area of the park.

In order to accomplish their goals of redistributing the recent growth in visitation more evenly across the resource while ensuring the best expenditure of decreasing financial funds the proposal calls for closing of the Morrison Creek boat ramp to motorized watercraft and encouraging non-motorized watercraft (canoes, kayaks, paddleboards and sailboats) to utilize this area. Additionally, they propose establishing a lake swimming corridor in Morrison Cove; creating a larger day use/picnic area with a sand pad or maintained grass; and installing mooring posts for vessels to overnight in the area.

There was a question and answer session with the result being that the park staff will continue to keep the Association manager and SPOA Board updated on progress so that SPOA members can be informed. The park staff also plans on having some public outreach meetings to discuss the proposal and obtain feedback.

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

South Shore BLM Update: Routt county notified the Association that parts of the new fence along Shoshone Way were infringing on the public right-of-way. The fence has since been lengthened and moved to match the surveyed ROW line.

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. There have also been 2 approved applications for shed/fence improvements to lots as well as a new garage.

CCR/Rules Compliance & Enforcement: Bryan presented a summary of CCR/rules violations. There are a couple ongoing issues that are in the process of being cured. There is still part of an illegally built cabin on lot 87 in South Station II. As the owner has not made any more progress in the dismantling of the structure and the member will not communicate with the Manager, the Rules Committee has determined that this violation should be turned over to an attorney. The cost of which will be borne by the member. There is also an issue with too many buildings on lot 47 in Eagles Watch. The manager has been working with the owner and the property will have to be in compliance by the Spring otherwise fines will be levied. The owner is aware of the situation. There is also a member who is working on consolidating lots in order to build out in Overland. The Manager has been working with the member as he is making progress on cutting out standing dead trees and has improved the road to his lots. The Manager will work on timelines of completion for progress with the owner.

Accounts Receivable: The A/R currently shows 235 lots that owe a total of \$44,033 as of November 15, 2017. In comparison on August 18, 2017 there were 272 lots that owed a total of \$48,251 and on November 15, 2016 there were 184 lots that owed a total of \$29,245. The top seven (7) accounts in arrears owe \$17,244 with \$6,277 of that being costs associated with foreclosure efforts on the property. Seventy-one (71) members out 1,500 + member owe more than 1 year's assessments.

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, six have paid their accounts in full, two have lot's scheduled to be sold at upcoming Sheriff's sales, one foreclosure has been completed and one is still in process with our legal counsel. For the completed foreclosure, the Association acquired Lot 95 in Overland. A deed will be forthcoming from the County for this lot and the Board will discuss next steps with the regard to the retention/disposition of this property at its next meeting.

At the August 19, 2017 meeting there was a Motion to issue final collection demand letters from the Association's attorney to owners that were more than two years in arrears. Those letters were sent on October 18, 2017. At its next meeting the Board will decide what further action to take for those

owners who have not responded to the final collection letter by paying their account in full or establishing a payment plan per the Association's governance policy on collections.

Treasurer's Report:

Current Financials as of September 30, 2017: Seann Conway presented the financial report.

Total Cash at the end of September was \$443,451 of which \$157,794 are restricted road funds held for Horseback, Morningside and South Shore.

Accounts payable at the end of July was \$4,066.

Operating income for 9 months of 2017 was \$80,329. This amount reflects net operating assessments of \$73,678 and \$6,651 in other income which is predominately late fees. It is important to remember that although the Association bills and collects its annual assessment once per year, the operating income is recognized ratably throughout the year.

Operating expenses for the same period totaled \$71,437 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. All line items are running within budgeted amounts. As of September 30, 2017, the net operating fund surplus was \$8,891.

Project/Reserve Fund income of \$84,519 primarily reflects \$84,431 in member assessments. Year-to-date project/reserve spending was \$56,721. Of this amount, \$23,560 was spent to replace failed culverts at critical owner access points on Whiffle Tree, Shay Way, and Filly East. Spending on trail projects was \$14,709 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 \$12,000 spent on wildfire mitigation efforts focused on eliminating slash piles left over from prior beetle kill mitigation project. The YTD spending also includes \$4,083 for the surveying and fencing of the common areas that abut the BLM property at the top of South Shore and amounts for an additional mail cluster box at the South Shore postal area.

Restricted Fund income reflects \$118 of interest income earned on funds held. There has been \$174 spent on preliminary legal work to enable use of the Morningside/South Shore Restricted Road funds for other infrastructure projects in these subdivisions.

Accounts Receivable – Collections: Accounts Receivable as of September 30, 2017 was \$45,454.

2016 Independent Financial Review: John Troka discussed the FY 2016 financial review that was completed by Catterson & Company, P.C. 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 indicates 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.

John Troka spoke to inquiries from interested parties in the possibility of purchasing the liens that SPOA has recorded. Tom Watts expressed concerns that it was complicated and not a good road to go down. After a brief discussion, no action was taken.

Public Comment:

Larry Calistro, owner of lots in Overland, having arrived late to the meeting was given an opportunity to address the Board. Mr. Calistro is in the process of consolidating multiple lots in order to build at least one house if not two. He had come to the board at the August 19, 2017 meeting requesting the Association grant YVEA a utility easement across SPOA common area to allow for an electric line to be placed to serve his properties. At that time the board had multiple questions that needed to be answered before any decision could be made.

Since the last Board meeting, Tom Watts has been in touch with YVEA in an effort to understand the overall extension possibilities to this proposed line in order to make sure that multiple members could benefit from this project. He was satisfied with the answers and had sent out an email regarding the subject to the rest of the Board. There were concerns from the Board as to the specific terms of the proposed easement agreement. The Association's legal counsel reviewed the agreement and proposed modifications which were shared with YVEA. YVEA was in agreement with the modified agreement which was presented to the Board for the review and approval at the meeting.

MOTION: Tom Watts made a Motion to grant the requested YVEA easement with the language in the form presented at the meeting. Additionally, terms of the approval include: construction of the electric line is to be completed by September 1, 2018; the installed electrical line must extend from the current service pole to a junction box in the existing utility easement adjacent to the road near the intersection of Ramuda Trl and King Bolt Trl in the Overland subdivision; and YVEA has received the funds in full for the project to be completed. John DiNicholas seconded the Motion. The Motion Passed. Zed Ogle abstained with a statement of conflict of interest as he owns lots which might benefit directly from the project.

The Board chose to postpone discussion on financial assistance for the project as requested by Mr. Calistro until the Association has additional information on the current water well permitting issue in Stagecoach. Positive resolution of this issue may require substantial time and financial resources.

Old Business:

Management Contract:

The Association's current contract with Steamboat Association Management expires at the end of 2017 and the Board has been working on a contract renewal.

MOTION: John Troka made a Motion to go into Executive Session pursuant of CRS 38-33.3-308 (4)(a) to discuss matters pertaining to the managing agent's contract. Rob Walker seconded. The Motion passed without dissent.

MOTION: John DiNicholas made a Motion to end Executive Session. Rob Walker seconded. The Motion passed without dissent.

Out of Executive Session the following Motion was made:

MOTION: John Troka made a Motion to approve the proposed management contract with Steamboat Association Management for one (1) year with an option to renew for an additional year and subject to the addition of more restrictive language in section 8 concerning indemnification. The new indemnification language is to be approved by the SPOA President. Zed Ogle seconded the Motion. The Motion Passed. John DiNicholas was opposed.

2018 Budget and Annual Assessment Proposal: John Troka presented the proposed 2018 operating budget for SPOA for discussion and approval. The proposed total operating expenses for 2018 is \$118,000. The increase in the Associations annual operating budget reflects the increased management fee associated with the providing of resources/services as well as an increase in meeting expenses associated with conducting the 2018 Annual Owners meeting on-site in the Stagecoach community.

MOTION: Rob Walker made a Motion to approve the proposed final 2018 operating budget as presented. Zed Ogle seconded the Motion. The Motion Passed without dissent.

John Troka next presented the proposed Project/Reserve Fund forecast that reflects possible project/reserve spending in the \$120,000 to \$175,000 range. Prospective projects may include common area development and maintenance, road infrastructure repair and maintenance, wildfire mitigation, community development activities and asset acquisition.

MOTION: John DiNicholas made a Motion that the total annual assessments be \$120.00 per lot of which \$52.35 is to fund operations and \$67.65 is to fund project/reserves. Rob Walker seconded the Motion. The Motion passed without dissent.

In accordance with the Association's governing documents, the 2018 annual operating budget and notice of annual assessment will be mailed to owners by December 1, 2018.

Colorado Division of Water Resources – Update on Well Permitting: Both John Troka and the Manager have been reaching out to Erin Light from the CDWR for any more information on the decision concerning water wells within the SPOA area. At this time there is still no concrete decision. Well permitting is a State process and not a local county permit process. In anticipation of any decisions from the CDWR, Morrison Creek has put forth some proposed changes to the intergovernmental vault agreement with Routt County. These changes primarily impact the water well permitting and approval process outlined in the agreement. The proposed changes do not include a termination of the use of sealed sanitary vaults. The County will not respond to Morrison Creek's proposed changes until they see the final ruling from the State, a draft of which is anticipated in the next few weeks.

Morrison Creek Metropolitan Water and Sanitation District does have 3 seats up for election in the Spring of 2018 and Board members or other members of the Association are encouraged to run for these important positions. In order to hold a position, one must be a member of the District as well as a resident of Colorado.

Morningside/South Shore Restricted Fund – Court Petition: Tom Watts has been working on proposals to bring electric lines up through the South Shore Subdivision. In doing so, one of the major expenses would be a switch that could eventually serve the subdivision. In order to pay for this switch, it was suggested to use the South Shore Restricted Road Funds. However, it was discovered that the language in the court settlement document specifies that the funds are to be used for road and road infrastructure only. Since the South Shore roads have been adopted by the County for maintenance, it would make sense to allow use of these funds for other infrastructure improvement/expansion projects. The Horseback subdivision has similar restricted funds however their settlement agreement specifically allows their use for other infrastructure needs. John Troka has reached out to the Association's legal counsel to petition the District Court to modify the terms of the original Morningside/South Shore road settlement agreement to allow use of the funds for other infrastructure projects.

2017 Owner Survey Results:

A survey was presented at the annual meeting and also sent out by email seeking owner's feedback and input on Board priorities, desired community amenities and two possible amendments to the Association's covenants. The Board has discussed possible covenant amendments to section (m), Animals, to allow for horses, chickens and other animals; and section (f) Temporary Residences, to address the parking and storage of trailers within the subdivision which is currently prohibited per this section of the covenants.

There is support for both amendments, however, there may be no reason to pursue the amendment to allow for horses and chickens if the State only issues water well permits for in-house uses thereby leaving owners unable to provide water for the care and feeding of these animals. The Board will wait to see the resolution of the water well permit before pursuing this amendment. Given the general support to change the covenant prohibiting trailers, the Board will work to prepare a draft of a proposed

covenant amendment with the goal of having something to present to the membership at the 2018 Annual Meeting in July.

New Business:

Wildfire Mitigation – Grants and Winter/Spring Project Funding: The Manager presented a Slash Pile Burn Service Proposal to burn the slash piles that were consolidated this past summer to allow for better and cleaner burning. NRS will burn as many piles as weather permits this Fall and any remaining piles will be burned in the Spring of 2018. Estimate cost for completion is \$18,350.

MOTION: Tom Watts made a Motion to spend up to \$19,000 from the Project/Reserve Fund for the slash pile burn proposal as presented. Seann Conway seconded. The Motion passed without dissent.

The Manager presented a Forestry Consulting Proposal from NRS Solutions Group. The proposal consists of two phases. First, to review the 2007 Stagecoach Area Community Wildfire Protection plan and the 2010 Routt County Wildfire Protection Plan and from that identify what mitigations actions have been completed thus far. Following the review, the proposal will identify what remains to be accomplished and then to conduct a photo/field review to identify any additional needs, prioritize treatment and update the plan. The estimated cost of this phase is \$3,500 and is to be completed by February 2018.

MOTION: John DiNicholas made a Motion to approve the phase 1 scope of work from the Forestry Consulting Proposal from the Project/Reserve Fund in the amount not to exceed \$4,000. Seann Conway seconded the Motion. The Motion passed without dissent.

Note: John Troka left the meeting at 1:25. With 7 Board members still in attendance, quorum was maintained.

Lot Consolidation Application for Shaffer/Fischer – Lots 133, 134, 135 Morningside: The Manager presented an application requesting approval from the Board for resubdivision and the vacating of trail easements along any interior lot lines created by the consolidation of Lots 133, 134 and 135 Morningside at Stagecoach. The purpose of the lot consolidation is to enable the construction of a detached garage to house vehicles. The current house at 22511 Cheyenne Trail is not conducive to adding an attached garage due to the configuration of the driveway and the size of the current house on the existing lot. The application is consistent with Article XIV of the SPOA Bylaws Titled Subdivision Procedures. The applicants have gone through the lot consolidation approval process with Routt County and the application includes all required documents including the Routt County, YVEA, and Morrison Creek Water and Sanitation approvals.

MOTION: Barbara Houston made a Motion to approve the proposed consolidation of Lots 133, 134 and 135 in the Morningside subdivision including the vacating of trail easements along any interior lot lines

created by the consolidation. John DiNicholas seconded the Motion. The Motion passed without dissent.

Next Board Meeting: The next Board meeting is scheduled for Saturday, February 17, 2018 at the Resort Group Conference Room.

The Meeting was adjourned at 1:45 p.m.