

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Oak Creek Community Center
Steamboat Springs, Colorado
November 17, 2018

Board Members Present: John Troka (President), Rob Walker (Vice President), Kayleen Cohen (Secretary), Matt Kaufmann (Treasurer), John DiNicholas, Vicky Weber, Kate Rachwitz and Scott Okerstrom

Board Members Present by teleconference: Tom Watts

Management Present: Bryan Ayer, Association Manager

Owners and Guests Present:

Jeff Rachwitz – Sky Hitch IV

Shannon Troka – South Station II

Corky Fisher – Black Horse I

Lona Christiansen – Eagle Watch

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

With 9 Board Members attending, a quorum was present.

Approval of Board Meeting Minutes and Ratifications:

Approval of August 18, 2018 Board Meeting Minutes

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

Approval of September 10, 2018 Board Teleconference Meeting Minutes

Motion: Rob Walker moved to approve the minutes as written. Matt Kaufmann seconded. There was no more discussion. The motion passed without dissent.

Approval of October 22, 2018 Board Teleconference work session minutes

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

Member Comments:

Jeff Rachwitz addressed the board on the subject of road standards. Mr. Rachwitz expressed his concerns regarding the requirements of Oak Creek Fire District, Routt County, Morrison Creek Water and Sanitation and of the SPOA adopted Road Policies. Mr. Rachwitz has purchased several lots towards the end of Shay way in Sky Hitch IV. He has been in discussion with other owners in the area and they are in agreement that they would like to keep the rural look of the area and for there not to be a full county standard road through the area as required by the above-mentioned entities

Mr. Rachwitz was looking for support from the SPOA Board before moving on to discussions with the other governing entities to change the requirement standards. It was suggested by the manager that as Mr. Rachwitz moves towards discussion, he should consider approaching the governing entities to change the number of houses requirement instead of the widths of the roads.

The Board was in support of Mr. Rachwitz moving forward with the discussions but was not prepared to endorse any changes to the current standards/requirements until the proposed changes were documented and reviewed. It was also suggested that it may be more effective for SPOA to approach the Oak Creek Fire District as a start versus individual owners. Mr. Rachwitz requested to join the Road Committee and will give a written request to the chair of the Committee, John Troka.

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: The community slash pile at Stirrup way is very large this year and should be burned before December 1st. The Manager has had discussions with several owners and they are very supportive of the area. It was also suggested to have several burn areas throughout the southern subdivisions of SPOA that would be in closer proximity to lots that have a lot of dead timber so owners would not have to haul the slash so far.

Grooming Contract: The 2018-2019 Nordic trail grooming contract with Dave Keller was approved on 5-19-18. The contract starts December 16th dependent upon snow levels.

Coyote Run Tap estimate: When the irrigation system at Coyote Run park was blown out this fall by the contractor, Mountain Roots, several leaks were discovered within the tap and backflow system. The Manager presented an estimate of between \$2,900 and \$3,450 to reconstruct the tap and backflow and to construct a 6X6 timber vault to house the new tap hardware configuration including a lockable lid.

MOTION: John Troka made a Motion to approve up to \$3,750 of Project/Reserve Funds for the proposed Scope of Work to fix the tap system for Coyote Run Park. Kate Rachwitz seconded. There was no more discussion. The motion passed without dissent.

Trail Master Plan: The manager will continue to meet with Aryeh Copa, a local trail designer on the development of a trail master plan. It was requested of the manager to ask Mr. Copa for an example of his past work. He is currently working with the Routt County Riders and their master trail plan as well as has a history with trail design in Hawaii.

Neighborhood Grant Program: The manager approached the Board for discussion on the current Grant Program and the possibility of raising the maximum grant amount to help to encourage more projects in the community.

MOTION: John Troka made a motion to change the maximum grant amount from \$25 - \$500 to up to \$2,000 and to remove the current deadline dates as well as the signature requirement. Kate Rachwitz seconded. There was no more discussion. The motion passed without dissent.

ACC Applications: There have been 9 applications to the ACC since the August 18, 2018 meeting: 3 houses, 2 ancillary buildings, 2 sheds, a fence and a home addition.

Covenant and Rules Enforcement: The Manager discussed current and past covenant enforcement. There is one new case of an illegal shed being built in Sky Hitch IV. The manager has made contact and issued the first letter of compliance. Due to the incoming winter weather, the shed must be moved by June 1st.

The issue with Mr. Scrafford continues to be ongoing and there has not been any progress on cleanup of his lot in Black Horse II or payments received for past assessments. He has been sent a letter from the attorney, yet without response. Next steps were discussed and upon the advice of Tom Watts, it was determined that the Rules Committee would continue to pursue mediation as a means to cure. The Rules committee for 2018-2019 is John DiNicholas, John Troka and Vicky Weber.

Accounts Receivable: As of November 12, 2018, there were a total of 362 lots that owed a total of \$40,678. Sixty-seven (67) of those lots owe more than 1 year's assessment.

Treasurer's Report:

Matt Kaufmann presented the Association's financial report and statements as of September 30, 2018.

Total Cash at the end of September was \$555,278 of which \$157,336 are restricted road funds held for Horseback, Morningside and South Shore.

Accounts payable at the end of September was \$7,353.

Operating income for 9 months was \$91,657. This amount reflects net operating assessments of \$86,871 and \$4,786 in other income which is predominately late fees.

Operating expenses for the same period totaled \$83,374 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 September 30, 2018, the net operating fund surplus was \$8,282.

Project/Reserve Fund income of \$113,526 primarily reflects \$112,891 in member assessments. Year to date project/reserve spending was \$22,516 and was comprised mostly of wildfire mitigation costs including costs associated with updating the Stagecoach Area Community Wildfire Protection Plan. In addition, there were \$3,436 in legal costs associated with water wells and common area ownership, \$3,557 in community infrastructure for new cluster mail boxes and \$1,760 in road maintenance.

Restricted Fund income for this period was \$270 which was the interest earned on funds held. There has been \$8,159 spent on 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 September 30 was \$44,120. As of November 12, 2018, the A/R was \$40,678.

2018 Foreclosure Actions: At the August 18, 2018 BOD meeting, the Board reviewed the list of properties being delinquent more than three years in payments of their assessments. As a result, eighteen (18) accounts were referred to the Association's attorney for the issuance of final collection demand letters. Of those that were issued letters, seven (7) owners have still not paid. Of those owners, only one was considered economically viable due to the combination of property taxes owed and market value of the property.

MOTION: John Troka made a Motion to foreclose the Association's assessment lien against the property of Westwater LLP, owner of Lot 102 in Eagles Nest and therefore to direct the Law Office of Sarah D. Claassen P. C. to commence suit against Westwater LLP, seeking judgement and a decree of foreclosure; to authorize Claassen to submit the decree of foreclosure, when and if received with the Routt County Sherriff's Office to proceed to foreclosure sale. Kate Rachwitz seconded the motion. There was no more discussion. The motion passed without dissent.

Results of the 2017 Independent Financial Review: John Troka discussed the FY 2017 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.

New investment account for Reserve Funds: John Troka discussed the option of a CDARS (Certificate of Deposit Account Registry Service) account for the Project/Reserve funds, which is an option for retaining full FDIC insurance on deposit amounts larger than \$100,000. The current reserve balance in the Money Market account as of September 30 is \$360,407. The FDIC only covers up to \$250,000 in insurance for any one bank. The CDARS program breaks the account balance into smaller amounts and place with other banks that are members of a special network, then those member banks issue CDs in amounts under \$100,000 so the entire investment is eligible for FDIC insurance.

The Board is interested in the idea, however they would like the manager to find out what is the fee and who charges the fee, i.e. the one bank or all the member banks, before making a decision.

Old Business:

Morningside/South Shore Road Agreement Modification: Routt County chose to challenge SPOA's petition to the Court seeking permission to use the excess restricted road funds to improve other infrastructure in these subdivisions. Currently the original settlement agreement for these subdivisions allows the Restricted Funds to be used only for road improvements. This use of the funds is more restrictive than SPOA's settlement agreement with Routt County for Horseback which allows for use of excess funds on other infrastructure projects.

As Routt County is responsible for maintaining the roads in Morningside and South Shore, the Board sought permission to utilize the remaining monies for other infrastructure projects in these subdivisions. The County indicated a willingness to support the Association's petition if the Association agreed to terminate the existing Morningside/South Shore settlement agreement AND the Horseback settlement agreement.

It was decided by the Board that eliminating the current agreements was not in the best interest of the owners in the Morningside, South Shore and Horseback subdivisions and further pursuit of the petition would merely result in the Association incurring unnecessary legal costs. Therefore, the Association's petition to the court was withdrawn and the Board will pursue other opportunities to utilize the excess funds for the benefit of owners in the covered subdivisions.

Steamboat Association Management 2019 contract removal: At the August 18, 2018 Board meeting, the Board authorized John Troka and Rob Walker to meet with SAM to re-negotiate the existing 1-year management contract for 2019. Mr. Troka met with Steve Frazier, President of Mountain Resorts and current leader of Steamboat Association Management, and Bryan Ayer, SPOA Manager to discuss the contract. As the current contract is a one-year contract with an evergreen clause, SAM proposed the 2019 contract language remain the same with a 3% increase in the annual management fee and adjustments to various labor rates not typically incurred by the Association. SAM also indicated their business model and compensation structures were changing and they would not renew the existing contract beyond 2019. After discussions between John Troka and Rob Walker, it was decided to accept SAM's proposal for renewing the 2019 contract.

In light of SAM's indication they would not renew the existing contract beyond 2019, Rob Walker agreed to lead a working group to develop an RFP to put out to bid for management services in 2020. Board members John DiNicholas and Kayleen Cohen volunteered to join the working group as well.

2019 Budget and Annual Assessment Proposal: John Troka presented the proposed 2019 operating budget for SPOA for discussion and approval. The 2019 Budget had previously been discussed at working session of the SPOA Board by teleconference on October 22, 2018. The proposed total operating expenses for 2019 is \$112,200. This is a decrease in the Association's annual operating budget of \$5,800 mostly as a result of lowering the proposed meeting costs, legal professional services and insurance costs.

MOTION: Tom Watts made a motion to adopt the proposed final 2019 operating budget as presented. Kate Rachwitz seconded the Motion. There was no further discussion. The Motion passed without dissent.

John Troka next presented the proposed project/reserve forecast that reflects 2019 project/reserve spending in the \$127,000 to \$167,000 range. Prospective projects include common area development and maintenance, road infrastructure repair and maintenance, wildfire mitigation and community development activities.

MOTION: Kate Rachwitz made a motion to adopt the proposed 2019 Project/Reserve forecast as presented. Vicky Weber seconded the motion. There was no further discussion. The motion passed. John DiNicholas abstained.

MOTION: Tom Watts made a motion that the total 2019 annual assessments be \$120.00 per lot; \$47.96 to fund operations and \$72.04 to fund project/reserves. Kayleen Cohen seconded the Motion. There was no further discussion. The Motion passed without dissent.

ACC Design Standards Policy Proposals: At the August 18, 2018 Board meeting, three proposed policies related to the ACC approval process for fences, sheds and greenhouses were presented and approved

by the Board to be published in the newsletter and set for adoption at this meeting. The policies, 2018-1, 2018-2 and 2018-3 were published in the third quarter newsletter sent by email on October 2, 2018 as well as published on the Association's website, www.stage-coach.com.

MOTION: John Troka made a motion to adopt the new proposed ACC construction guideline 2018-1 (Fences) as approved at the August 18, 2018 meeting and published in the 3rd Quarter 2018 newsletter. Tom Watts seconded the motion. There was no more discussion. The Motion passed without dissent.

MOTION: John Troka made a motion to adopt the new proposed ACC construction guideline 2018-2 (Sheds) as approved at the August 18, 2018 meeting and published in the 3rd Quarter 2018 newsletter. Kate Rachwitz seconded the motion. There was no more discussion. The Motion passed without dissent.

MOTION: John Troka made a motion to adopt the new proposed ACC construction guideline 2018-3 (Greenhouses) as approved at the August 18, 2018 meeting and published in the 3rd Quarter 2018 newsletter. Kate Rachwitz seconded the motion. There was no more discussion. The Motion passed without dissent.

Proposed Covenant Amendments: At the 2018 SPOA Annual meeting, proposed covenant amendment drafts were presented to the ownership concerning Amendments to Article V; Section m on Animals, Article V; Section f on temporary residences and trailers and Article V; Section g on Water and the drilling of water wells. The Board has worked over the past year to finalize the drafts of the proposed amendments.

Proposed Covenant Amendments – Animals (Article V, Section m.): Originally the proposed amendment to allow chickens and horses/pack animals were included together as a single amendment. The Board chose to split these into two separate amendment proposals so owners can vote yes or no to allow chickens and then again to allow horses/pack animals.

There was discussion regarding adding goats to the proposed amendment for horses/pack animals.

MOTION: Vicky made a motion to add goats to the proposed covenant amendment to allow horses/pack animals. Kate Rachwitz seconded the motion. There was no further discussion. The motion failed.

MOTION: Tom Watts made a motion to approve the proposed language of the two amendments to the Animals covenant and to submit to the ownership for voting. Kate Rachwitz seconded the motion. There was no further discussion. The motion passed without dissent.

Proposed Covenant Amendments – Temporary Residences (Article V, Section f.) & Trailer Parking and Storage(new): Following Board discussion it was determined to add a proposed change to the language

of the covenant regarding temporary residence for guests. It was also determined to change the language of the proposed covenant addition on Trailers to add that the one trailer allowed outside of an enclosed space should be parked in the driveway or to the side or rear of the house unless the topography of the lot does not allow it. In these cases, the owner must obtain approval of the parking location from the Association. Note: The proposed amendment to the Temporary Residences covenant and the addition of the Trailer Parking & Storage covenant will be voted on as a single item since it involves taking issues addressed in the current, single covenant and splitting it into two covenants.

MOTION: John Troka made a motion to approve the proposed language for the Temporary Residences covenant and to submit to the ownership for voting. Rob Walker seconded the motion. There was no further discussion. The Motion passed. John DiNicholas was opposed.

MOTION: John Troka made a motion to approve the proposed language for the new Trailer Parking and Storage covenant and to submit to the ownership for voting. Kate Rachwitz seconded the motion. There was no further discussion. The Motion passed without dissent.

Proposed Covenant Amendment – Water (Article v, Section g,): After Board discussion, the proposed language for the amendment to the Water covenant was unchanged.

MOTION: Kate Rachwitz made a motion to approve the proposed language for the Water covenant and to submit to the ownership for voting. Rob Walker seconded the motion. There was no further discussion. The Motion passed without dissent.

Proposed Covenant Amendment Ballot for Owner Voting: The ballot language was amended to remove the deadline date and to adjustment the trailer language.

MOTION: John Troka made a motion to approve the proposed language for the ballot to be used by owners for voting on the covenant amendments. Tom Watts seconded the motion. There was no further discussion. The Motion passed without dissent.

New Business:

Owner Reimbursements for Road Extensions/Improvements: In the past few years, the Board has received several requests from owners for some reimbursements for road work improvements upon roadways within the Stagecoach subdivisions. The Road Committee is working on consistent guidelines that would have reimbursements reviewed on a per requested basis and based upon what work SPOA may have done for general maintenance items, such as surveying and drainage. John Troka is reviewing the requests and will come back to the Board for discussion on the particular cases at the February Board meeting.

ACC Designs Policy Proposal: In January of 2009, the ACC adopted a guideline on the maximum size of a dwelling. The guideline indicates no dwelling shall exceed 5,000 square feet of floor area, including the floor area of any attached garage. Tom Watts, ACC Chairman, introduced a proposal to rescind the policy concerning maximum floor area based upon the language in the covenants that sets a minimum floor area but does not set a maximum.

MOTION: Tom Watts made a Motion to rescind the approval of the policy concerning maximum floor area as enacted in January 2009 with the change to be published in the newsletter for review by the Ownership. Matt Kaufmann seconded the motion. There was no further discussion. The motion failed with 4 members voting for the motion and 5 voting against the motion.

Next Board Meeting: The next regularly scheduled Board meeting will be held on February 16, 2019 in the conference room at the offices of Steamboat Association Management.

The Board meeting was adjourned at 2:20 p. m.