

Stagecoach Property Owners Association

Board of Directors Meeting

Stagecoach Fire Station, May 3, 2014

Board Members Present: Dave Hackett (President), Mike Koponen (Vice President), John Troka (Treasurer), Skip Moyer, Art Fine, Tonja Elkins, and Ben Mahrle

Staff Present: Ken Burgess, Corky Fisher

Owners Present: Tony Stich, Dan Miller, Sondra Spratta, Ed Colclasure, Sarah Woodmansee, Bob Woodmansee, Judy Hiester, Thorde Clark, Kim Wright, Bric Barnhart, and John Dodd

Dave Hackett called the meeting to order at 10:00am (an executive committee meeting began at 9:00 and closed at 9:50am).

Selection of New Management Company

Motion: John made a motion to accept the recommendations of the RFP Review Committee and award the contract for association management including general management, accounting and membership services, and field operations to Steamboat Associations Management (“SAM”). Art seconded. The motion passed unanimously.

Tony Stich asked about cost. David and John noted that the proposal from SAM showed \$5000/ month to cover all services outlined in the RFP which is less than SPOA is currently spending. SAM is getting staff certified for community management, which is a requirement of CCIOA. The individual SAM will assign as our “community manager” and will do much of the work is a resident of Stagecoach.

Mike asked if there are performance reviews planned for SAM. Dave noted that the contract is for 3 years but that there may be a transition contract period. John responded to questions about changes to the website interface. He noted that while SAM does offer additional web services, the web site changes are lower on the list of transition priorities.

Dave asked for board members to volunteer to serve on a committee to help with the management transition to SAM. Tonja, John, and Mike volunteered.

Approval of January 25, 2014 Minutes

Motion: Skip moved to accept the minutes. Ben seconded and the minutes were approved.

Treasurer’s Report

John distributed copies of the Treasurer’s report including the financial statements as of March 31, 2014 for fiscal year 2013. John reviewed the key numbers. Dave noted that the additional legal fees related to a lawsuit have yet to be paid. SPOA is currently operating at a surplus, which is a positive turnaround. John then went through the finances and status of each current project.

Motion: Ben made a motion to rescind the Horseback Logging Project approved funds as the Association was unable to accept the state grant and complete the work by the March deadline as the area was inaccessible due to snow. Tonja seconded and the motion passed unanimously.

Past Due Accounts/Property Lien Report: John went on to discuss accounts receivable - specifically the collection of annual assessments. He discussed the realistic expectations of collecting long outstanding assessments in light of new provisions in CCIOA requiring the Association to take action within six years of an assessment becoming past due. John also noted that liens are automatically created when an assessment becomes past due and transfers with the property. Challenges increase in collection of outstanding dues from properties transferred via quit claim deeds as these typically are not processed via title companies. John then discussed the unlikelihood of collecting \$17,000 in outstanding assessments for those properties where the owners are also delinquent in payment of their property taxes. John noted that SPOA does not pay property taxes on common areas, per Colorado law.

Skip announced that SPOA is going to “start getting tough” on collecting outstanding assessments. CCIOA governs how associations can proceed with collection from individual members who have not paid their assessments. He noted that the regular dues assessment letter will go out in December. The letter will be worded clearly and strongly about due dates and the consequences of not paying on time. Skip recommends that SPOA begin foreclosure proceedings on certain properties that are grossly in arrears. He also noted that a letter offering up a payment plan will precede any legal actions. Skip and Dave clarified that collection activities will be handled by the new management firm. Dave clarified that actually filing of a lien with Routt County is helpful (there is a cost of about \$50 per lien) even though a lien automatically exists on a property that is in arrears. Skip also noted that real estate agents have been negligent in giving new owners a copy of the SPOA covenants. Skip is recommending that the threshold in sending a second collection letter be \$300 or 3 years in past dues.

Motion: Skip made a motion that the Board approve a more aggressive dues collection process to include two distinct types of letters informing delinquent members of their responsibilities and the consequences of delinquent accounts. (See Dues Collection document dated May 3, 2014). Mike seconded the motion.

John stated that he does not agree that SPOA needs a motion to enforce an already adopted policy. Skip responded that this motion is simply a record of a change. The board has not enforced these policies well in the past. A vote was taken. The motion was approved with John abstaining.

Proposed Change to Fiscal Year: John noted that the Association’s fiscal year is defined in the By-Laws. The thought is to change the fiscal year to match the calendar/assessment year. This would occur during the annual meeting this summer. John then noted that in order to make this change there would need to be a September thru -December budget this year and then a new budget for the new fiscal year that begins in January. This would not require a change of the annual meeting timing. John clarified that a budget for the upcoming fiscal year would not necessarily be presented during the annual meeting; however, the budget would be presented in a timely manner each year.

Motion: John moved to propose an amendment to SPOA By-Laws for the fiscal year of the association to match the calendar year and coincide with the assessment year, which is January to December of each year. Art seconded the motion. Dave had concerns about not presenting the annual budget

during the annual meeting. Mike noted that a first draft of a budget could be presented during annual meetings for comment. Ken noted that a budget is presented not voted upon. Ken noted that it is almost better to report on how one is doing on a budget. There are some tax return and IRS approvals that will need to be made once this change takes place.

A vote was taken and the motion passed unanimously.

FY2014 Budget: John then noted that another board meeting is required before the annual meeting to finalize a proposed annual budget for fiscal year 2014. The purpose of an annual budget presentation is to show the membership what is planned for and how their assessment funds will be spent. John distributed a framework for preparing the budget. John would like to see more details in the budget so SPOA can improve its short and long term financial planning process especially as it relates to maintenance and replacement responsibilities for common areas and other infrastructure. Ben talked about the advantages of a reserve study. It is a way to look ahead. John commented without the expense of a reserve study, the framework he proposes would accomplish much of the same thing. Mike noted that it all hinges on an agreed upon set of priorities. The Board wants the annual meeting to be the way to get agreement on the priorities.

Sarah Woodmansee wanted to know if the board knows which roads the county maintains and which ones they do not. John confirmed that SPOA has access to the County's annual road inventory from 2013 as certified by the Routt County Commissioners and submitted to the State of Colorado. Skip noted that it is more an issue of getting an understanding between SPOA and the County about who should maintain which roads. Dave noted that there are still some roads in question that SPOA is working on identifying.

Art commented and spoke to the members present that there are some thoughts of property owners that date back to the original promises of the developer especially regarding roads. He commented that he doesn't believe that a message of "it is everyone's tough luck" is going to be well received. Mike noted that he believes educating the membership of what the county recognizes and what they don't will be the best approach. Sarah noted that she would like to see SPOA act as a unified force to speak for the membership's road concerns. Skip noted that there is a budding effort to work with the county. Dave then commented that there are three main points of view on roads. First, there is the county's view. Second is the view that SPOA members need to work with the county since they have the power. Third, there is a view that SPOA should fight the county. SPOA is working on a focused plan to work with the county but has been stretched thin with lawsuits and management changes. Plans are underway and educating the membership of the reality of the situation with roads is a priority.

Dave set the next SPOA Board meeting for June 14, 2014.

Dave noted that the tool John distributed is for everyone to use to review and comment on. John would like comments, additions, estimates, questions and changes by June 9th, one week before the next board meeting.

Annual Assessment: John then spoke about the annual assessment. He reviewed a document showing the history of the annual assessment since the Association was started in 1974. Based on the calculation of the "maximum annual assessment" over time using the original amount of \$30 and a 3% maximum increase, it would calculate to be around \$98 today. However, the board does not, and has not, chosen to assess at the "maximum annual assessment" amount consistently over time. He

also noted that the annual assessment should be tied to planned expenditures. John would like to get a definitive legal opinion on the interpretation of the “Maximum Annual Assessment” as defined in the Covenants as it is believed this has been misunderstood and misinterpreted for many years. John clarified that he would like to work through Steamboat Association Management to get this legal opinion.

ACC Report

Skip reported that there are two letters out from the committee about horses and home business violations. The ACC continues its efforts to collect dues. Skip noted that ACC is mostly complaint driven and typically acts only when it receives a complaint.

John talked about CCIOA and how it has a provision which make SPOA’s requirement for owners to seek approval for removal of trees, shrubs, and vegetation unenforceable if the owner is doing so as part of an approved written plan for creating a defensible space around a dwelling.

Nominating Committee

Mike asked for volunteers for the committee. Skip, Corky and Ben volunteered to be members. Dave identified that Ann has two more years on her term. Dave will contact Ann about her service on the board. Dave, Art and Robert’s terms end this year. Tonja is serving a term through 2015. Ben is serving through 2016. Mike clarified that the responsibility of the committee is to generate a slate of candidates. Dave reminded the Board that they can open up nominations from the floor during the annual meeting. Everyone agreed that it is a good practice to open up nominations to all Stagecoach owner.

Community Plan

Bob Woodmansee noted that he is on the Planning Commission for Routt County. He reported that updating the Stagecoach community plan is on the agenda for this summer. County staff will look at the plan, look at previous recommendations, and make new recommendations. During the public process, SPOA and its members will have an opportunity to provide input and comment on recommendations. The process will work best with the active participation in the process from the public. Skip commented that SPOA was led to believe that SPOA would be part of the process all along the way. Bob said that SPOA should call Chad Phillips of the County Planning staff. John noted that the current SPOA community plan is on the Stagecoach web site for anyone to review.

Dave noted that the SPOA board should plan on a special meeting to discuss the community plan and be prepared for this review. Art asked Bob about notifying the 2,000 property owners who do not live in Stagecoach. Bob will consider the notification process and work with SPOA.

Old Business

Slash Pile Removal/Disposal: Ed Colclasure, the contractor contacted by the Association for slash clean-up, reported that there is a lot of slash still on the ground. He knows someone with a machine that can help consolidate the piles. The consolidated piles would probably need to be burned but he believes that an additional state permit is required to burn the much larger piles. If there is enough in the consolidated pile, Confluence Energy, a company with grinders, could come to grind the material

and haul away; a minimum amount of clean slash is required for this company to even consider coming. Ed does not believe there is enough to meet the minimums. Ed then reported that the efforts to burn the small slash piles have been incredibly unsuccessful. Ed noted that the ground must be dry in order to get the machine used to consolidate the piles into the areas where they are located. Ed met with Chuck to identify areas for large piles. Ed's experience with the consolidation machine has been positive. A question was raised about the responsibility of the logging company for creating proper piles. Dave reported that the logging company did what there were asked to do but SPOA did not monitor completely and some slash piles were not effectively burned. Corky reported that any further logging will include a better plan for disposing of slash material. Dave noted that the ideal is that management of this process will minimize the cost to SPOA and that there will be enough for Confluence to come in, grind and take away the material. Corky recommends finishing the slash pile clean-up before beginning any new logging projects. Skip recommends that SPOA hire Ed to consolidate the piles in out-of-the-way places and then discuss next steps. John noted that SPOA has already approved \$5,000 for the removal of these slash piles based on a proposal from Ed Colclasure received last year.

Motion: Ben made a motion to have Ken create a contract with Ed to consolidate the piles not to exceed the already approved \$5000. Ed will notify Ken as soon as possible about next steps and estimates on any additional costs.

Ben removed his motion.

Covenant Amendment: Membership voting on the amendment seeking to add an additional assessment process for owners seeking to fund infrastructure project was closed as of March 31st. The amendment did not receive the required membership votes to pass outright however the vote count was sufficient in terms of number of votes cast and affirmative votes for the Association to seek amendment of the covenants via the courts. John does not want to go through the courts at this point. Ken recommended letting this single amendment drop and begin working on the blocks of changes needed to bring the Association's Covenants and other governing documents up-to-date since they have not been modified since the Association began in the 1970s. Art disagrees and believes that SPOA should move forward since there is the expectation that SPOA would act and amend the covenants. Tonja would like to confirm the requirements necessary to pursue court action to change the amendments. There is another round of certified mail to the membership letting them know that anyone who wants to oppose the proposed changes can do so by appearing in court.

Skip noted that there is a major transition coming up in the board and that the timing might be bad. Dave noted that some action should begin soon if at all. The new management company would shepherd this process. Ken noted that the question is not a special assessment; it is an "owner agreement". The original estimate of going to court was \$20,000. **Motion:** Skip moved to table the issue of petitioning the courts with the covenant change adding an owner driven assessment process for funding infrastructure projects. Mike seconded.

Tonja volunteered to find out more about the costs of seeking covenant changes through the courts as outlined in CCIOA. Skip withdrew the motion.

Dave tabled the issue and asked Tonja to find out more about cost.

Ramuda Trail Road Damage: Corky distributed estimates on repairing the damage caused to the road as a result of inadequate maintenance of the drainage ditches abutting the road. He has

reviewed this with a contractor and the homeowners. The homeowners have offered to provide the equipment and labor to complete the repair in exchange for SPOA covering the cost of materials (approximately \$2,000) to repair the road. The urgency is that the road is almost impassable and one homeowner needs to have his wastewater vault pumped. John asked if Morrison Creek has any responsibility. Corky said Morrison Creek only needs to sign off on the work. Dave would like the road to meet standards for the long term if SPOA is going to put money into the project. Ken noted that it is a county road that the county does not maintain and the road does not meet county standards. Ken noted that in the past SPOA has paid up to 50% of these types of projects. Corky also spoke about safety. Who is responsible for making this road viable for fire truck access and other safety issues? John asked the question "...is the road a common area?" Liability issues are a serious problem. The houses back there were built before the county road standards were established.

Dave is concerned that even though what the homeowners are proposing is the cheapest option and will fix the road, there is no guaranty that there wont be a problem in the near future. The way to correct the problem is to spend the estimated \$10,900 for a contractor to fix the road and bring it to code.

Art is concerned about setting precedence for SPOA funded road maintenance. SPOA paid 50% to fix a road in Stampede Way in the past. Ken noted that these decisions have been based on access to a home. This particular situation affects the access to three lots with houses.

Motion: Mike made a motion that SPOA cover the cost of materials up to \$2,000 and the homeowners provide the equipment and labor to complete the roadwork themselves. SPOA will compose a letter stating that it is a one-time only commitment and that the responsibility for the road is a responsibility of the homeowners. Reimbursement will occur only after invoices have been submitted and then work is confirmed by SPOA to being completed satisfactorily.

Corky will work with the homeowner to get this completed within 30 days.

A vote was taken and the motion was approved. Mike, Skip, Art and John voted for the motion. Tonja, Ben and Dave voted against it.

Motion: John made a motion to amend the previous motion to make it a dual offer of either the original motion or SPOA paying 50% of the 65' proposal submitted by the contractor to do the work properly not to exceed 50% of the estimated \$10,940. Mike seconded. A vote was taken and approved. Art and Ben voted against the motion.

Stirrup Way Culvert: Corky briefed the Board on the Stirrup Way culvert and road failure. The issue of liability was discussed.

Motion: John moved that we seek a legal opinion from HindmanSanchez regarding HOA and member ownership and liability for county roads within SPOA that have not been accepted by Routt County for maintenance. Seconded by Mike and approved. Tonja to investigate the cost.

Coyote Run Playground: The maintenance of the Coyote Run common area playground was discussed. Skip and Corky were asked to obtain a written agreement from the Coyote Run residents to maintain the area including the play equipment while SPOA pays the water costs.

Subdivision Road Signs: Corky reported on his effort to get damaged and missing road signs replaced/ repaired. He is continuing to discuss with Routt County Road & Bridge.

Halter Way Road Survey: Ken reported on the Halter road survey. The Board indicated that no further action should be pursued regarding Halter Way.

The meeting was adjourned at 2:55 PM.