

STAGECOACH PROPERTY OWNERS ASSOCIATION

Meeting of the Board of Directors
Resort Group Conference Room
Steamboat Springs, Colorado
November 12, 2016

Board Members Present: John Troka (President), John DiNicholas, Art Fine, Vicky Weber, Zed Ogle, Barbara Houston and Tom Watts.

Management Present: Bryan Ayer, Association Manager and Steve O'Rourke, President for Steamboat Association Management (SAM)

Owners Present: Corky Fischer - Resident of Lot 27 Black Horse I

John Troka called the meeting to order at 9:02 am.

With 7 Board Members attending, a quorum was present.

Approval of Board Meeting Minutes and Ratifications:

Review of July 23, 2016 Annual Meeting Minutes Draft

2016 Annual Meeting Draft Minutes were presented for review. The Annual Minutes will be approved by the ownership at the 2017 Annual Meeting. The draft minutes were approved for their distribution to the ownership.

Approval of August 27, 2016 Board Meeting Minutes

Motion: Art Fine made a Motion to approve the minutes as written. Zed Ogle seconded. The Motion passed without dissent.

Member Comment:

Corky Fisher inquired of the board in regards to the changes and enforcement of the new Routt County Road and Bridge width regulations and how that will affect the Oak Creek Fire Departments sign off on building permits. John Troka confirmed that the county has indeed modified the rural fire standard driveway and common road widths to 12ft. wide for a driveway serving one dwelling unit, 16ft. for two dwelling units and 24ft for three or more dwelling units. The county stated that they had made an agreement for the standard with the Oak Creek Fire District as well as the Morrison Creek Water and Sanitation District, but that at this time that had not been confirmed with either party.

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

Burn Pile Update: Bryan Ayer has been in contact with Chief Wisecup and has given him the go ahead to burn the community pile at the trail parking lot on Stirrup Way. The cost of burning this pile will be expensed to the Grounds Maintenance – Common Areas Operating budget as it is an ongoing service provided to the membership.

Update on Road Maintenance Projects: The road maintenance projects this summer were completed to the satisfaction of the Board. Mike Halder performed grading and added material to several of the main arteries in the Southern part of SPOA including Colt Trail, first Filly Trail and second Filly Trail. Mr. Halder also graded portions of Hoch Eye Way and Whiffle Tree. There is a culvert that still needs to be replaced at the intersection of Shay Way and Whiffle Tree that was part of the original maintenance projects, but was not completed this summer. This project will be carried forward to 2017.

Road Survey and Engineering Work: Four Points Engineering has finished the roadway evaluations on Ormega Way, Snowbird Way, Snowbird Trail, Sunbird Way, Broken Talon Trail and Broken Talon Way. The manager is still waiting on a summary letter and a final report on quantity of materials that will be needed so that costs can be estimated for these projects.

Trail Update: The Sunset Point Trail located at Schussmark Trail was completed this summer. Signage has been ordered and needs to still be installed as well as a hand carved bench that will come from Routt County Riders work up on Buffalo Pass, another area near Steamboat Springs. The trail appears to be receiving a lot of use from both pedestrians and bikers.

ACC/CCR/Rules: Bryan presented the latest ACC applications spreadsheet. Since the August 27th Board meeting there has been 7 more applications including 3 more house applications with 2 in Meadowgreen and 1 in Horseback.

Summary of Violations:

Greenhouses: As a recent application for a greenhouse had been denied as it doesn't fit with the architecture or scheme of the dwelling, the manager sent letters of informal resolution to several owners that have greenhouses that were large enough to be considered ancillary buildings, and most likely were never approved by the ACC. As of the meeting, almost all unapproved greenhouses had been dismantled except one up on Colt Trail as the owner was allowed to dismantle it after the growing season. The manager will continue to follow up.

Horseback lots 2 and 3: Timothy Sunshine bought lots 2 and 3 of Horseback in the spring of 2015. It was reported to the manager that he was building a shed on his property that was unapproved by the ACC. The manager visited the property with the owner and it was determined that the structure that he was

building, which was a wood storage shed, was on his vacant lot, not the lot where his residence is. He was informed by his insurance company that his wood storage needed to be a certain distance from his house and this location was the best area. He was unaware that he was not allowed to build on his vacant lot. After further review of the property it was discovered by the manager that the previous owner spread landscaping improvements as well as the driveway itself across the multiple lots. The water well itself sits on the property line of both parcels. This situation could be solved through the consolidation of the lots, or per an agreement with the Board. The manager has received a legal opinion on the situation with a conclusion that if any agreement is made it needs to be consistent throughout all of SPOA. Due to that conclusion, the Board will work towards an official Resolution for this type of situation.

Illegal Sheds lot 87 South Station II and Lot 96 Overland: At the Board meeting on August 27th, the owner of lot 96 requested a hearing on the violation. The Board made a decision that he would need to break down the illegal structure, but was able to store the materials neatly on the property for up to a year if he showed progress towards building a residence. At this point the structure was dismantled and stored within the timeline. The lot 96 owner has been dismantling his illegal structure over the course of the summer. The manager has been monitoring the progress, however it appears that progress has slowed and there is a pop up camper on the property. The manager has sent an email to the owner this past week to check on the situation, but as of yet has not heard back. The manager will continue to follow-up with this owner to ensure compliance.

Nuisance Properties – There are several properties in disarray, with stored scattered items, vehicles parked in public cul de sacs, multiple scattered trailers, etc. There was discussion on enforcement of nuisance issues and how to enforce compliance fair and equally. Tom Watts, member of the Rules committee, volunteered to come up with more detailed draft regulations qualifying what constitutes a nuisance regarding unkept lots. The manager is to send him pictures and documentation of possible scenarios.

Accounts Receivable and Collections: As of November 10, 2016 there were 209 lots in arrears for a total of \$33,125. At the last board meeting in August there were 253 lots in arrears for a total of \$45,430. In November of 2015 there were 168 lots in arrears a total of \$40,960. There are 66 owners that owe more than the 2016 assessments.

Treasurer's Report:

Independent Financial Review: John Troka discussed the Financial Review that was completed by Catterson & Company, P.C. The report presented was a review of the Stagecoach Property Owners Association financials for two (2) fiscal years; FY 2014 and FY 2015 and covered the 16 months ended December 31, 2015. Based on the review, the accountant's conclusion was that 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 accounting principles generally accepted in the United States of America. In accordance with the SPOA Bylaws, as amended 7-26-16, under article VIII, section 8 (d), there shall be an annual audit, using generally accepted auditing standards, or an annual review, using statements on standards for accounting and review services.

Current Financials through September 30, 2016: John Troka presented the financial report.

Total Cash at the end of September was \$422,503 of which \$157,811 are restricted road funds held for Horseback, Morningside and South Shore.

Accounts payable at the end of September were \$33,110. The amount owed primarily reflected invoices to be paid for completed road maintenance work.

Operating income for the first 9 months of 2016 was \$78,561. This amount reflects net operating assessments of \$73,873 and \$4,688 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 \$69,160 and include such items as 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, however there was \$1,685 spent on professional services that was not originally budgeted. These costs were associated with the settlement of an accounts receivable dispute. As of September 30, 2016 the net operating fund surplus was \$9,401.

Project/reserve income reflects \$84,995 from annual assessments and interest for nine months of 2016. Year-to-date project/reserve spending was \$48,342 and included \$11,525 for Common Area Improvements, in particular the design and construction of the Sunset Point Trail; \$3,351 for Community Infrastructure; \$341 for Legal projects and \$33,125 in Road Improvements/Maintenance. The net surplus of the project/reserve fund through September 30 was \$36,653.

Restricted Funds income reflects \$147 of interest income earned on funds held. There are no year-to-date restricted fund expenses.

Accounts Receivable – Collections: The Board reviewed and discussed the Record of Liens as of September 12, 2016. At the July 9, 2016 Board meeting, the Board had directed SAM to have the attorney send a final collection letter to these owners specifically stating that they now have 30 days to bring their account(s) current or SPOA will look at exercising its rights to foreclose on their property. To date, out of 27 owners receiving letters, 3 owners have paid off their past due accounts or arranged payment plans and two lots transferred ownership through issuance of a treasurers deed from foreclosure of tax liens.

MOTION: John Troka made a Motion to foreclose the Association's assessment lien against the properties of the following SPOA owners and therefore to direct the Law Office of Sarah D. Claassen P.C. to commence suit against the following SPOA owners, seeking judgement and a decree of foreclosure; to authorize Claassen to submit the decree(s) of foreclosure, when and if received with the Routt County Sheriff's Office to proceed to foreclosure sale. Tom Watts seconded the Motion. The Motion passed without dissent.

James Scott Flannery, owner of Lot 95 Overland

Lawrence and Melinda Fontaine, owner of Lot 12 Young's Peak @ the Neighborhoods at Young's Peak

Eric Johnson, owner of Lot 128 Horseback

Thomas D. Karcz, owner of Lot 86 Sky Hitch I

Joel Meyers, owner of Lot 20 Overland and Lot 51 Black Horse I

Michelle Paredes, owner of Lot 153 Sky Hitch IV

Jennifer Rodean, owner of Lot 149 Morningside

Pearl Weber, owner of Lot 29 South Station II

Gordon Willson-Naranjo, owner of lot 22 South Station II

Old Business:

2017 Budget and Annual Assessment Proposal:

John Troka presented the proposed 2017 Operating Budget for SPOA for discussion and approval. The proposed total operating expenses for 2017 was \$100,000, down from \$103,000 in the 2016 adopted budget. The Board discussed the need for reviewing the level of service and resources currently contracted for with SAM and a possible increase to the operational budget later in 2017 if an increase in the SAM management fee is required. The management fee would increase if SAM is requested to perform additional services and/or commits more resources to serving SPOA.

MOTION: Tom Watts made a Motion to approve the proposed final 2017 Operating Budget and to retain the assessment for 2017 at \$95.00. The assessment is comprised of two components; \$44.45 for operations and \$50.55 for project/reserves. Vicky Weber seconded the Motion. Motion passed without dissent.

Election of Secretary: The position of Secretary had been tabled at the past two Board meetings as the current secretary was not present. As the position of treasurer is vacant due to Brad Church's resignation and in accordance with Article VIII section 7 of the bylaws which states that the offices of Secretary and Treasurer may be held by the same person, it was determined that one board member could hold both positions.

MOTION: Tom Watts made a motion to appoint John DiNicholas to serve as Secretary/Treasurer until the board elections following the 2017 annual meeting. Vicky Weber seconded the Motion. The Motion passed without dissent.

Board Vacancy: There is an open Board position due to the resignation of Brad Church. There was discussion regarding if any board members knew of anyone that may be interested. Corky Fisher who was attending the meeting, expressed his interest. There will be an article in the upcoming newsletter and the manager will send out an email blast to the ownership if the board requests.

New Business:

Wildfire Mitigation: There was discussion from the Board concerning how to move forward with all of the existing piles that exist within the ROW and common areas while also finding a solution to help clear dead wood off of private lots. Zed Ogle has been in touch with Kit Buell, owner of lot 75 in Overland, who works for the forest service. Kit had confirmed that most likely many of the existing piles will not burn due to large stumps and dirt that was pushed into the piles when they were consolidated. It would be recommended to have clean eight (8) foot diameter piles for good, clean burns. Zed Ogle volunteered to pursue more information regarding mitigation and will report back to the Board at the next meeting.

If burn days allow, Chief Wisecup will be able to burn more piles this winter, but has used up all of the previously approved funds.

MOTION: John Troka made a Motion to approve \$2,500 to fund Oak Creek Fire Protection District to burn existing slash piles for the purpose of wildfire mitigation. Tom Watts seconded the Motion. The Motion passed without dissent.

South Shore Electrical Infrastructure Project: Tom Watts presented a pro forma resolution for Board review regarding a possible special assessment pursuant to Article IV, 1., Section "d." of the Stagecoach Declaration of Covenants. The purpose of the assessment would be to fund the construction of a main electric line serving some of the lots in South Shore. The line would be installed along easements from the sewer plant up to Lot 16 and would benefit 77 lots, all located adjacent to Shoshone Way, in the South Shore subdivision. The preliminary estimate for the project is \$385,000 and would be divided equally by the 77 lots to arrive at a per lot assessment in the amount of \$5000. Tom Watts indicated this is a preliminary cost estimate and will be meeting with Yampa Valley Electric in the near future to discuss further. He will update the Board at its 1st quarter meeting.

Access to Public land via South Shore: There was discussion regarding the BLM land which borders South Shore and an area along Shoshone way at the North West corner of South Shore being used for unauthorized public access. The area being used for access crosses SPOA common area as well as lot 78 which is privately owned. The manager has called and left messages with both the BLM and the DOW to

try to set up a meeting for discussion. One of the key items will be to determine if there is direct access between the public right-of-way and the BLM land or if the SPOA common area lies between the two. Currently the filed plat and the County's GIS system do not agree and a survey will be necessary to determine where the actual common area lot lines are located.

MOTION: John Troka made a Motion to approve \$1,500 for a survey of the common area lots at this location in South Shore. Tom Watts seconded the Motion. The Motion passed. John DiNicholas abstained.

Next Board Meeting:

The first quarter Board meeting of 2017 was scheduled for Saturday February 4, 2017 at the Resort Group conference room.

The Meeting was adjourned at 1:05 p.m.