

VILLAGE LOT OWNERS ASSOCIATION, INC.
P.O. Box 1307
Granby CO 80446

November 6, 2020

Re: 2020 Annual Homeowners Meeting and Agenda, including a summary of the issues.

Dear Membership:

It has been a challenging year all the way around. The subdivision experienced more housing starts this year than the last several years combined. Several board members were indirectly or directly involved and busy with some of those housing projects, as well as attempting to complete the final phase of infrastructure. So we apologize if things didn't run as efficiently as in the past.

The Annual Meeting is normally held in late October or early November. Once again that was the intent for 2020. Unfortunately once we finally connected with the appropriate individual at the Winter Park Mountain Lodge and it was determined that they should be able provide a large enough room to accommodate the appropriate distancing, Covid-19 spiked, and the East Troublesome raged. Not only was the possibility that gatherings would again be restricted, the Lodge informed us that the room they had designated for our meeting was converted for evacuation purposes. Given the Covid circumstances we weren't anticipating a large turnout regardless, and the last couple of years it has been a bit of a scramble to reach a quorum. Because of those factors the Board has decided to move future Annual Meetings to most likely the month of June. Scheduling the meetings during the summer will hopefully increase turnout and also provide better temperatures should an outdoor event be required. The Board is looking into setting up a virtual event of some nature for this year. Stay tuned for that. Regardless we're conveying a great deal of information here regarding a number of issues.

If you are receiving this notice via the U.S. Mail, there may have been an email compatibility issue, or we don't have a current email address for you, if so, and you have email, please send us your email address to the Association's email address which is: village@valmoritzvillage.org The Associations website is: www.valmoritzvillage.info

A reminder: HOA dues statements are sent via the U.S. Post Office only. However, in an effort to be environmentally friendly, and as economical as possible, we will continue to attempt to send all other documents and notices via email. It is the responsibility of the owner to notify the Association of a physical or electronic change of address. We're also having an issue with some of the title companies failing to notify us as to a transfer of ownership and providing the contact information upon a closing, if you receive this note and you have recently sold please inform us of such.

AGENDA

1- Approval of 2019 Annual Meeting Minutes: (Previously emailed)

2- Treasurers report: Copies of financials attached.

A note of significance: The reserve fund increased by approximately \$72,000. This was due to the Association being reimbursed funds that were paid to the Master HOA of SilverCreek (MHOA) back in 2003 & 2004 as part of the Val Moritz Village Agreement. Those funds had been held in an escrow account and were supposed to be incorporated in with funds from other entities including Granby Ranch and Ten Mile Creek Estates to help fund the construction of acceleration/deaccelerating lanes at County Road 88 and Highway 40. Granby Ranch indicated they would likely commence with those lanes as well as other improvements such as extending the south road, paving, and then maintain the road, however that was over a decade ago. Given the recent foreclosure and thus uncertainty surrounding Granby Ranch, it is unlikely those improvements will commence any time soon, if at all. The Association is in the process of evaluating other options besides relying on Granby Ranch and the South Road Agreement for any future road improvements. Recently CDOT has indicated they are planning to make improvements in the area of red dirt hill.

Much has transpired since the Val Moritz Village Agreement that potentially would have obligated the MHOA to perform maintenance on the roads in Val Moritz Village (VMV) and concurrently the VLOAI would then pay full annual HOA dues to the MHOA. For one the MHOA used to perform much of their own road maintenance in Innsbruck but now sub it out. More importantly they really don't want anything to do with road maintenance in VMV which would more than likely equate to VMV not being much of a priority. Therefore the MHOA and the VLOAI recently resolved to cancel any future obligation for the MHOA to perform any road maintenance in VMV and the VLOAI will not be required to pay any dues to the MHOA now or in the future including the 10% of full dues that we've been paying for many years and we will continue to maintain the roads on our own. Not only did the resulting resolution include the reimbursement of the \$72,000 it also included the provision that residents in Innsbruck would no longer be permitted to ingress or egress through Ten Mile Creek Estates which should help reduced traffic on the main road as well as wear and tear.

It is anticipated that come the end of the year we will be over budget for the first time by a significant amount. The bulk of this will fall into two categories, professional fees (legal fees) and road maintenance. The primary reasons for the overage with legal fees is the aforementioned resolution regarding the MHOA, as well as our efforts to address and resolve certain issues pertaining to the south road and Granby Ranch. The excessive costs associated with road maintenance are primarily the result of needing to recut many of the road ditches and remove and relocate the material that had silted in over the decades as well as adding road base to several sections of roads within Val Moritz Village. Those are tasks that have not needed to be performed for some 15 years and fall into the reserve fund category and thus the operating fund will be reimbursed those funds out of the reserve fund, so the budget isn't as far over as it appears. Over the years we've been able to manage much of the aforementioned miscellaneous

road maintenance expenses within the operating fund however given the increased wear and tear on the internal roads in Val Moritz Village, and the fact they are entering the stage where they will require more attention, we will likely be converting at least a portion of the reserve fund to a checking account to handle future reserve fund expenses such as those mentioned.

3- Related information pertaining to road maintenance & improvements: On multiple occasions the Association has reached out to Grand County and asked if they would maintain the roads in VMV. Despite owners in VMV paying the same property taxes as subdivisions where the County does maintain the roads, so far those requests have fallen on deaf ears. The primary issue is the County is having a difficult time handling the maintenance responsibilities they already have because they are having a difficult time finding help, especially qualified CDL drivers, and the problem is only getting worse. Another problem is a portion of the access road falls within the Granby Town limits.

There is also the possibility an improvements district could be formed that would incorporate Ten Mile Creek Estates and the properties along South Ridge Road for the purpose of improving and maintaining the south road. Given that option is not likely to come to fruition for some time, even though the mag-chloride has been steadily breaking down for the last month or so, it did hold up well enough to reduce the annual road grading to just once, and so for the immediate future we will continue to apply it annually on the access road. The product has however contributed to faster driving both on the main road and internal roads in VMV, which is unacceptable.

4- Fast and Careless Driving: Many residents have voiced concern regarding the irresponsible driving on the access road and the internal roads in VMV. Certainly the residents of VMV are not entirely to blame, but some are, and everyone needs to set a better example.

The speed limit on the main road is 25 MPH, it drops down to 15 MPH at the top of the hill, and then it is 20 MPH throughout Val Moritz Village. These limits were set for a reason. They represent what is safe for hikers, bikers, cross country skiers, dog walkers, etc., as well as what is safe for the critters who will sometimes attempt to cross the road in front of a vehicle. At those posted speed limits drivers should be able to avoid or stop for that animal. Given our mountainous terrain, gravel roads, and the wildlife migration significance of this little valley, the situation out here is not a matter of 10 MPH over the posted speed being acceptable, it isn't.

To be sure we're not exaggerating or being misleading regarding this issue one of our board members purchase a radar gun and spent some time monitoring the situation. It was an eye opening experience. Both residents and non-resident drivers, construction vehicles, etc., were observed. One outing had drivers hitting 40, 41, 44, & 46 MPH. Another outing produced 41, 37, and 40 MPH, one white construction truck came in at 36 MPH and left 15 minutes later doing 44 MPH. Each outing the numbers were very similar, and unfortunately multiple residents were exceeding 40 MPH with the winner hitting 54 MPH on a 25 MPH gravel road where hikers and bikers frequent, a road that crosses the migration path of, moose, elk, deer, rabbits, etc. This is unacceptable. Now there were residents that drove the speed limit or very close to it, they know who they are and it is much appreciated, but most were not setting a good example.

Not only was there another rabbit run over and killed on the main road, there was also a complaint where one of our residents almost ran over a deer on Zermatt Street on account of excessive speeding. Critters should be able to cross a 24' road with a speed limit of 20 or 25 MPH without being run over. If this conduct is not curbed it is only a matter of time before another bike rider or another dog get hit, it could even be a hiker, or even a child. The Association as well as many residents have been very vociferous regarding this issue, unfortunately it doesn't seem to be enough. There has even been the suggestion that if this irresponsible driving continues the Association should reconsider the use of mag-chloride, let the roads go so drivers won't have a choice but to slow down.

Other remedies that have been suggested that the Board is considering:

A- Spend thousands of dollars setting up radar and camera stations along all of the roads and pass a resolution that fines any resident that exceeds the speed limit a dollar amount per MPH over that speed and those funds first go towards paying off the stations and equipment and then go towards maintaining the roads. That however does not address non-residents, and there is a strong possibility those stations will be vandalized.

B- Construct dozens of in road drainage channels and locate them primarily in the areas where the road is prone to washing out from heavy rains so their purpose is twofold, given our mountain terrain and grades they would help with tire track wash. There would be no removal required, they will just fill in with snow, they would however need to be recut following each grading.

C- Install dozens of rubber or plastic speed bumps throughout the subdivision and on the main road. Although this option will slow everyone down, the downside to those is they would need to be removed and reinstalled every year for snow plowing and grading. They could be placed slightly diagonal to the road from high to low point so they would also catch some of the runoff and divert it into the ditch side.

D- In conjunction with A, gate the community and require owners or their builder to escort all construction traffic in.

Although options B & C will slow everyone down, there is the likelihood that there will also be the unfortunate side effect of the road degrading near the bumps or channels because some drivers will want to take out the frustration of having to slow down with excessive acceleration.

The bottom line is something has to be done to slow drivers down. Law enforcement does seem to be spending a bit more time out here but not to the extent it is moving the needle. This is a special little valley back here and an effort has to be made to keep it safe for all, including for what is in the opinion of many our primary amenity, the critters and their habitat.

5- Leash Law: Currently there is no requirement for dogs to be on a leash in VMV. So long as residents and others obey the local law that requires all owners to have control and command of their dogs, there won't be. We are however getting an influx of people who don't

live here roaming around in VMV with their dogs and treating the neighborhood as their own dog park, and this has to stop, if it doesn't, it will only get worse. If it means enforcing no trespassing laws such will need to occur

6- Notice from Granby Ranch regarding trails: The foreclosure is final and the lender has taken over operations at Granby Ranch. They are informing all neighboring communities that one of their goals is to "stop the value leakage." Apparently a portion of that leakage is trail users are not paying trail fees for biking, hiking, and cross country skiing. Granby Ranch does spend a great deal of money on those trails and their resident's fund that effort, non-residents who utilize those trails should contribute. They did not indicate what a daily fee or annual pass will cost. If they do get aggressive with monitoring this it can only help our situation with countless vehicles from the general public parking on our roads so they can access those trails undetected, maybe those users will start parking where they are supposed to park. Granby Ranch ramping up these efforts to monitor their trails, coupled with the fact we understand they have a leash law so some of their residents come over to VMV to walk their dogs off leash and sometimes let them exercise by chasing the animals, our Association has no reason to put up with any of their residents treating VMV as their own private dog park.

7- Short Term Rentals (STRs). STRs have been a topic of conversation for some time. However due to the fact there have been no requests from owners to approve any STRs, the issue was not necessarily front and center. Until just recently STRs have not been officially permitted, permitted with conditions, or banned altogether, however the Board of Directors recently passed a temporary ban until such time they can investigate how STRs will impact the community.

We want to point out it is the opinion of the Association's counsel that STRs are not an entitlement in Val Moritz Village. Val Moritz Village is a "Private Residential Use" subdivision. A business requires approval above and beyond that of "Private Residential Use". We do realize a STR did slip through the cracks previously known as the "party house".

For those not familiar some of the issues associated with that previous STR: Dozens of rounds of gunfire discharged at targets placed in the direction of a hiking trail. Hot coals remaining in the fire pit long after the occupants were on their way home. So many overflowing vehicles parked on the road snow plowing could not be performed. Excessive noise. Disproportionate amount of trash that can overwhelm the container. Our advanced treatment septic systems can be over taxed when the number of occupants exceed the engineering capacity. Well water can be depleted with over occupation. As a matter of fact the previous owners of the party house ended up having to drill a new well because at the height of the rental activity their well went dry.

Some real estate agents suggest that subdivisions that do not permit STRs may have less interest in the properties than those that do and some in the industry imply that such could potentially have an impact on property values. However an appraiser has informed us that the STR issue has no bearing on the appraisal value of a property. The appraiser also informs us that some STR owners are telling him the market in Grand County is becoming saturated, and yet real estate agents continue to push purchases based on revenue that may not prove feasible. It is

certainly possible in the subdivisions where STRs become saturated property values will take a greater hit than non-STR subdivisions should saturation levels increase.

Certainly one of the primary goals of the Association is to protect values, but also the attractiveness and desirability. There is an argument to be made that potential buyers that don't wish to be associated with the problems that plague STR subdivisions need a choice as well, it is possible to establish a niche that could give VMV an edge with those people who are not in it for just the money but are simply seeking a neighborhood for peace and quiet. It is certainly possible real estate values in VMV could outpace other subdivisions if such a niche were established and STR saturation increases.

When the former Grand County STR coordinator whose task was dealing with all of the carnage of STR's makes the statement "I wouldn't purchase a property in a subdivision that permits STR's" you have to take that comment seriously, and we are. We've also been told that companies are being formed for the sole propose of purchasing multiple homes and turning them into STR's and that many of these owners could care less about the communities they infiltrate. In addition Val Moritz Village consists of one acre lots on well and septic which is restrictive. The party house exceeded the maximum dwelling capacity numerous times by 2, 3, even 4 fold. By the time anyone discovers this, or brings this to anyone's attention, it's often too late. We were told of a STR scenario in the County where four couples claimed they were renting a house for an occupancy of 8 individuals and the owner of the house happened to have driven up for a day, decided to do a drive by and discovered a wedding reception taking place with a vast number of people participating.

The extension of either water or sewer to VMV would certainly help to alleviate the constraints of well and septic on one acre, however neither of those utilities are likely to be extended until such time Granby Ranch develops south of the ski slopes, and currently they're just hoping to get the lifts open for the season. We need to proceed with the real possibility that any improvements tied to Granby Ranch may not be years out, but rather decades, if at all.

The well and septic situation on one acre can be mitigated some by encouraging the construction of smaller homes that require less of a footprint, more separation, reduced effluent volume, less depletion to the groundwater, and preserves more native habitat for our primary amenity, "the critters". With that in mind we also asked the County STR Coordinator if STRs were to be banned in VMV would that lead to smaller homes being built, the reply was "absolutely". The reasoning being when the STR enticement, or the debatable promises being presented to owners that they can offset the costs of buying or building a much larger home by renting it out nightly, and at a higher rate, they build a much larger home. That may work for the elite subdivisions with all the amenities, Val Moritz Village is not in that camp, it never has been. Encouraging reduced footprints in Val Moritz Village is nothing new, it dates back some 15 years when Rule One was drafted. This philosophy will continue to be paramount, and if banning STR's will help that cause, that needs to be taken into account. A local appraiser informed us that there is no impact upon an appraised value when smaller homes are mixed with larger homes on one acre lots, so encouraging smaller homes does not negatively impact neighborhood values but certainly helps the well and septic situation. Smaller homes also helps

to achieve the number one intent of the Guidelines, minimize disturbance and protect native habitat. The Board will continue to research this issue.

8- Household Only Wells: A couple of months ago a well in VMV failed and the owners had to drill a new well. This was not the first well to fail. Granted as with the other wells that failed the original drillings took place well over a decade ago and prior to well drillers becoming familiar with the formations and ideal depths and for the most part those drillings were halted at first water and thus ended up far too shallow and not in a productive formation. In one case as shallow as 90'. Either that, or they were drilled by a company that charges less and are in and out in a half a day and on to the next job. When it comes to well drilling you do get what you pay for. Regardless, as with the other re-drillings conducted by quality well drillers the latest re-drill achieved significant volume, we've been told between 20 to 30 GPM.

Despite the ample GPM most wells in VMV achieve, for the most part every lot in VMV depends on the same groundwater. Droughts come and go, static water levels fluctuate, and groundwater does not recharge overnight. So this is a friendly reminder to homeowners, and a mental note for future homeowners, the well permits and thus the wells in VMV are household only. No irrigation or outdoor use is permitted, it is Colorado State water law. This is not exclusive to VMV, almost every lot under 35 acres in Colorado are issued Household Only permits. There are native blends of grass seed that if applied in the fall and raked in just prior to the first snow sticking will flourish come spring, and with a normal monsoonal season will stay green most of the summer.

Although we're not certain, it is not likely the State of Colorado is going to arrest or fine an owner for hauling a bucket of water out to the grounds to water a newly planted tree, and they aren't likely to harass an owner for power washing a vehicle or a minor use of that nature, however what we do know is irrigating a lawn or vegetation uses a great deal of water and is strictly prohibited and the fines can be severe so please don't force a neighbor or the Association to have to file a complaint with the State. We've had people contact us interested in property in VMV and while driving around they saw a rain bird sprinkler watering a lawn and said "so it is okay to lay some sod down in VMV"? No it isn't. Someday Granby Ranch may ask to run a water main right through the middle of VMV to serve land on both sides of us, but until then water law is clear, these wells are not to be used for irrigation.

9- Election of Director: Doug Crocker resigned from his position on the Board, we thank him for his service. Longtime homeowner Steve Matteson replaced Doug. In addition two other Board Members will be leaving the Board in the near future. We have the names of a couple of owners that have expressed interest in filling any vacancies, any others interested feel free to contact a member of the board. The term is also up for Cliff Foster. Cliff has indicated he is interested in staying on and will run for another term.

Should you have any questions feel free to give one of us a call. Sincerely, Board of Directors, Village Lot Owners Association, Inc.

Steve Matteson 303 588-9755. Stephan Playter 970 531-2188. Doug Foster 970 557-3949
Bruce Thomasson 970 531-3321. Cliff Foster 303 842-4265.