

Minutes of the

Arrowhead at Vail Association

Board of Directors Meeting held

May 25, 2017

A meeting of the Board of Directors of Arrowhead at Vail Association (the "Association") was held on Tuesday, May 25, 2017. In attendance were Board members Cathie Bennett and George Bigley. In attendance by phone were Board members Patty Strunk, George Coleman, Rick Bross, and Cynthia Bell. Also in attendance were Jerry Hensel, Association Manager, Erin McCauley, Accounting Manager, Jim Clancy, Director of Public Safety, Bob Shafer, representing the Arrowhead Metro District, and Carol Floyd, Secretary to the Meeting. The meeting was called to order at 9:00 a.m., and it was noted a quorum was present.

Public Comment

Bob Shafer updated the Board on Arrowhead Metro District ("AMD") matters including a meeting with Beth Howard at the end of March to assess usage and management of the parking lot over the ski season. He noted no Arrowhead residents were turned away from the lot during the winter season. Vail Resorts' intends to keep the lot non-paid next year and operate it in the same manner with red coat attendants. The Association Board was in agreement to include this information in the November newsletter and Cynthia requested Bob send her verbiage for inclusion. Bob reported the road overlay project on Cresta Road up to McCoy Creek Cabins is complete and looks great. He explained road improvements have been accelerated over the past couple years because of the low cost of oil. The parking lot will be paved in 2019, and no further paving is anticipated until 2020. Bob stated in Colorado taxes are sourced from residents and businesses. He spoke about the Gallagher Amendment being a percentage tax rate based against value. Because of the escalation of residential property valuations compared to commercial, the residential assessment rate will be cut in 2018 potentially causing a shortfall in tax revenue. He further added the current higher assessment rate could neutralize this situation. A question was raised in regard to the transfer of property on a small stretch of Cresta Road currently owned by the Mountain Association to Arrowhead Metro District. Bob replied it is a work in progress.

Minutes

Cathie Bennett moved to approve the April 25, 2017 Board of Director Meeting Minutes as modified. The motion was seconded by George Bigley and unanimously approved.

Design Review

Rick Bross said the preliminary Design Guideline survey analysis indicates a majority of property owners are interested in updating the guidelines and allowing for more flexibility. A final report is expected soon. Cynthia said she will be available to meet with the Design Review Committee ("DRC") at Colorado Mountain College to look at meeting facilities when she returns the second week in July. Jerry Hensel relayed DRC's concern of relocating their meetings off-site because of access to paper files. Rick Bross clarified this would provide an option to obtain a quorum when DRC members cannot be present. George Coleman reported, according to the community survey, 90% of participants were interested in Design Review Guideline updates. George spoke about a property owner who is an architect and has expressed interest in serving on the Board. He is also qualified for and would consider a position on the DRC. George will ask Dan Gallagher to submit his resume to DRC for consideration.

Public Safety

Jim Clancy notified the Board of the cause behind the Cresta gate recent malfunction being a cable to the control box that was installed incorrectly. A replacement cable has been ordered and will be installed within 10 to 14 days. Jim referred to the Public Safety Activity Report and explained the increase in number of violations, assists, and foot patrol counts compared to 2016 reflects more diligence and consistency. He further noted 98% of trash and animal violations issued are warnings. Jim spoke about the Anchor Point report which identifies any areas where there are forest health issues and offers four prescriptions for each area. He noted most of the trees on Cresta Road are on private property. This report provides a baseline to establish a one, three, or five-year plan for improving forest health on public land. Jim also talked about the possibility of attaining Firewise certification for the community. In addition to the Anchor Point report and plan, other requirements include an annual community event which may consist of a Town Hall meeting or a volunteer day to clean up the forest. Anchor Point could be contracted to file the appropriate paperwork. Jim estimated the entire process would cost less than \$2,000. Jim will get further information on this program to share at the next Board meeting. Patty Strunk asked if water can be accessed from the mountain's snowmaking system in case of fire. Jim answered the system is gravity fed from the reservoir at Bachelor Gulch and could be used in such an emergency. Jerry Hensel noted 200 hazard trees are presently being removed.

Finance

Cathie Bennett reported less than 20 annual assessments remain outstanding. A \$100 penalty has now been added. Cathie explained there can be timing issues pertaining to notification and receipt of real estate transfer assessments ("RETA"). \$230,848 in RETA has been received through April 30, 2017. An additional \$68K was received as of May 15th. If \$176,800 in RETA currently estimated for pending closings is received, the Association will be \$40K ahead of budget at the end of May. With approval of the Board via email consent, two CDs were reinvested in April to mature in 2019 and 2020. One existing CD will mature in 2018. Cathie met with Erin McCauley and Jerry Hensel to review the management fee structure and how the Association is assessed for services. She stated it appeared reasonable and there was nothing subject to a 10% management fee that should not be. Cathie will share the summary document received from Erin and Jerry with the Board.

Committees

Landscaping: Jerry Hensel said bids are in place to move forward with the front entrance sign when financially feasible. Because of recent weather events, sodding near the lift at the base area was delayed and will occur on May 31st. Mitigation of Crabapple trees is opening space in the community.

Communication: Cynthia Bell has received approval from the professor of the Isaacson School to create a scholarship photography contest in the fall semester. She noted there is a class in Edwards. Cynthia stated she intends to distribute the summer newsletter prior to the July 4th holiday and asked for any content to be emailed to her as convenient. A broker open house is being planned for July or August to showcase Arrowhead's offerings. George Bigley offered use of the Alpine Club as a venue for the event. George Coleman suggested including a tour of amenities followed by cuisine at the Alpine Club. Rick Bross requested a proposed plan and estimated cost for the Board's approval. A trifold brochure was discussed but was determined cost prohibitive to produce a quality marketing piece and would be a duplication of the Annual Report planned for distribution the first quarter of 2018. Rick Bross requested Cynthia bring a proposal for the Annual Report, including cost, for the Board's consideration.

Activities: George Coleman referred to the job description for a part-time support position and asked that any comments be directed to him. He further noted this position will not be filled this year because of funding, and that it will be budgeted for 2018. Jerry Hensel announced Hannah Thompson, the new tennis pro, arrived last Sunday and has been organizing the Tennis Center. Screens are going up and court maintenance is in progress. Pavers are in place for the hardscape project, and the new drinking fountain shipped today. Hannah recommends moving cubbies around the corner from the restrooms. George asked Jerry to use his judgement to determine where they would be least intrusive. George also asked everyone to do whatever they can to help Hannah feel not overwhelmed. According to the community survey, a vast majority would like to have a Labor Day activity. He will present a plan at the next Board meeting. A minimum of two family movies will be shown this summer. Gail Gelfand will chair these events in collaboration with Nadine Davis. The July 4th event is set.

Strategic Planning: George Coleman reported a preliminary summary of the community survey has been received, noting this information is for Board use only until final. RRC Associates will finalize the analysis over the next two weeks. The Committee will then convene to analyze the results and prepare recommendations for distribution to the Board one week prior to the next meeting for presentation at that meeting. George noted over 50 next generational responses were received.

Nominating: On behalf of Dan Gallagher, Rick Bross conveyed the Committee is narrowing the list of interested candidates and working toward recommendations in July.

Other Business

Trash Service Agreement: Jerry Hensel summarized the trash service agreement which will take effect on January 1, 2018. He said there are currently 492 pickups. The price per pickup has been \$11 per month since 2004, and will increase to \$15 per month. To include single-stream recycling the cost would be an additional \$10 per pickup per month. Patty Strunk spoke in favor of forgoing single-stream recycling and George Coleman suggested discussing the matter at a Town Hall or annual meeting before any changes are made. Jerry agreed to take single-stream recycling out of the agreement and have the Association's legal counsel review the document. George Coleman suggested including single-stream recycling in the contract as an option in the future. Jerry noted as of May 1st, Honeywagon began charging property owners for curbside requests with direct billing.

Removal of Trees: Jerry Hensel said there have been a number of inquiries for tree removal. The Dakota HOA is removing 41 Cottonwood trees. Cottonwood and Crabapple trees are being identified on common areas managed by the Association or Metro District.

Letter to Vail Resorts Executives: Rick Bross said the response from Beth Howard to the letter to Vail Resorts was positive. He asked Jerry Hensel to speak with Beth to ask if Vail Resorts would waive the 10% management fee on base area improvements, request more signage on the mountain, and for the presence of a yellow jacket every day. George Bigley informed the Board that Broken Arrow will not be open this summer for FAC or pool service because it is not economically viable. He added that Alpine Club staff will be able to assist with pick-up of food from Vista. Rick Bross requested this information be included in the summer newsletter. Patty Strunk asked if it would be possible to provide a grill outside Broken Arrow for community use. Cathie Bennett suggested the Association host a couple FACs. George Coleman proposed scheduling a couple evening events at the Alpine Club.

Miller Ranch Open Space: Discussion took place regarding a proposal to designate a parcel of land open space, located between Miller Ranch Road and the east end of County Club of the Rockies ("CCR") golf course from the Eagle River to I-70. Joe LeBeau has been working with the Eagle County Commissioners and Open Space Advisory Committee and is requesting contributions in the amount of \$3,000 from AMD and the Association, \$2,000 from CCR, and \$1,000 from River Dance and River Ranch to defray legal costs associated with the conservation easement. The Board was in agreement as to the importance of this privilege to prevent building into perpetuity.

George Coleman moved to allocate \$3,000 toward declaration of open space for the Miller Ranch parcel of land under a conservation agreement, contingent upon participation of Arrowhead Metro District, CCR, River Dance and River Ranch. Cathie Bennett seconded the motion and it was unanimously approved.

CCR – Golf Cart Program:

Pentti Tofferi recently presented CCR's proposed golf cart program to the AMD Board. The Association Board further discussed logistics and liability. Rick Bross requested Carol Floyd retrieve minutes from the Association meeting Pentti attended.

Irrigation: Jerry Hensel informed the Board the company who has installed irrigation upgrades in Arrowhead will be leaving Colorado after this year. Tanto is offering to complete the remaining three areas in need of upgrade, including the main entry to the Greens gate, McCoy Creek gate, and Riverbend gate, this year with a payment of \$200K to cover hard goods, and interest-free financing for the remaining \$315K over a two or three year term. Jerry estimated this would decrease the price of installation by approximately \$200K. He noted \$75K is currently budgeted and an additional \$125K would be needed. Rick Bross suggested Jerry inquire about the feasibility of making the initial \$200K payment in January of 2018.

There being no further business, George Coleman moved to adjourn the meeting. The meeting was adjourned at 10:44 a.m.

Respectfully submitted,

Carol Floyd

Secretary to the Meeting