
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District August 22, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on August 22, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Bob Rosen
- Thomas Svoboda
- Vincent Riggio
- Tom Howard (via telephone)

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts (via telephone)
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:30 p.m.)
- Vicki Sullivan, Account Executive, T. Charles Wilson Insurance Service (left 3:45 p.m.)

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on August 22, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration

Of Agenda There were no changes to the agenda.

Review of Insurance

Ms. Sullivan reviewed the insurance policies, limits, and deductibles for the District explaining the different coverages and giving examples of possible claims. General discussion of the policy followed with the Board asking questions and Ms. Sullivan responding. Ms. Sullivan stated that the District has only made one auto damage claim to date and explained the reason for the significant increase to the Director Only workers compensation premium.

Minutes

The Board reviewed the minutes included in the Board packet and after review, by motion duly made and seconded, it was unanimously

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RESOLVED to approve the July 25, 2018 Regular Meeting minutes as presented.

Accounts Payable

The Board reviewed the accounts payable list and, by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

Election Update

Director Shafer reviewed the background of the potential sales tax to date and feedback and comments that have been received from owners and residents. The Board then reviewed the Mill Levy vs. Sales Tax Impact Scenarios included in the packet and agreed that this information should be distributed to the owners. Mr. Marchetti suggested that the next informational letter being prepared for distribution to owners prior to the next Town Hall meeting address the questions raised by owners and residents. General discussion followed on how to incorporate the owner questions and feedback and the length and content of the letter. Directors Shafer and Rosen agreed to revise the letter. Ms. Johnston advised that the deadline to send the letter to AVA for distribution prior to the Town Hall meeting on September 2 was Tuesday, August 28. Directors Shafer, Riggio, and Howard said they would attend the Town Hall meeting for the District. The Board then reviewed potential opposition to the sales tax and addressed the feedback by asserting that the intention of the potential sales tax was to make up for projected shortfalls in future property tax revenue caused by the decreasing Residential Assessment Rate, to capture revenue from non-owner use of the Districts roads and facilities, and, if more sales tax was raised than needed, the mill levy rate would be adjusted accordingly and lowered to maintain adequate revenues.

Financial Statements

Director Shafer and Mr. Marchetti reviewed the financial statements included in the Board packet. Ms. Johnston reported that research on the tap fee was sent to the Board earlier in August and there were no further questions. Mr. Marchetti reviewed the current fund balance and 2018 forecasted fund balance noting that most of the revenues have been collected but debt service and other payments are not paid out until the end of the year. Discussion continued on vacant versus residential property and its effect on assessed valuation and property tax collection, mill levy and District tax collection history, and future projections and how the proposed sales tax could mitigate losses of property tax collections incurred in a future recession.

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Special Audit Engagement

Letter The Board reviewed the engagement letter from McMahan and Associates LLC for the special audit of the Vail Resorts Operations and Transportation Agreements. After discussion and, by motion duly made and seconded, it was unanimously

RESOLVED to approve the Engagement Letter as presented.

CD Rates Ms. Johnston reviewed the 5-year term CD rates included in the packet. During discussion, Mr. Marchetti researched 3-year term rates and found they were very close to the 5-year rates. After discussion, the Board directed Ms. Johnston to purchase a 3-year CD with funds from the CD maturing on September 10, 2018.

2019 Budget Director Shafer stated that the Board would like to use a \$0 based budget process for the 2019 budget to find efficiencies and increase savings. Mr. Marchetti suggested that he, Mr. Hensel, and Ms. Johnston would work together to prepare a proposed budget and present the budget at the September or October meeting. The Board expressed an interest in forming a committee to participate in the budget process.

Road Capital Plan

Mr. Hensel presented the 10-year capital road plan update completed by Alpine Engineering and included in the board packet. There was general discussion on the roads included, current condition, dates for repair, and estimates provided. Ms. Johnston confirmed that the long-range capital plan had been updated according to the updated road plan. Director Shafer reported that residents were complaining about the condition of the McCoy Creek Drive and questioned the 2023 replacement date. Mr. Hensel explained that the road had been slurry sealed in 2012 and is in decent shape but agreed that the entrance was unsightly. The Board directed Mr. Hensel to survey the area and prepare some recommendations to return it to community standards.

Cresta Road Safety Plan

Mr. Hensel reported that the Cresta Road pavement markers had been installed. Ms. Johnston distributed the sign proofs and Mr. Hensel stated that he was waiting for the Board to provide feedback. After discussion, the Board requested Mr. Hensel get a proof with reduced logo size and larger print then resend for review. Director Shafer agreed to work with Mr. Hensel on finalizing the signs and road markers.

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The Board reviewed the memo from Jim Collins on questions posed during the Cresta Road safety plan discussion at the July meeting. Following discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED that pedestrians be directed to use a single lane on the west side of Cresta road which is the right side ascending, going with the flow of traffic, and the left side descending against the flow of traffic for both uphill and downhill travel to increase pedestrian safety by reducing the potential for collisions with bicycle and other vehicular traffic using Cresta Road.

Operations Report

Mr. Hensel reported that the sinkhole between the entrances of the skier parking lot was determined to be caused by a void under the asphalt and not caused by a water leak. The sinkhole was repaired at minimal cost.

Mr. Hensel reported that Paul Gorbald with Vail Resorts would like to attend the next regular meeting to discuss a new GPS bus application and review the 2018-2019 transportation agreement. Mr. Gorbald also proposed a deep clean of the bus upholstery before the start of the season at a cost of \$2000. After discussion, the Board decided not to have the cleaning done since they were not aware of any complaints about the buses that warranted the service.

Action Log The Board reviewed the current action log.

Future Meetings

The Board confirmed a special meeting would be held September 5, 2018 starting at 3:30 p.m. and the next regular meeting would be held September 26, 2018 starting at 3:30 p.m. and should be noticed for the 2019 budget hearing.

UERWA

Mr. Dreyer reviewed the June minutes of the Upper Eagle River Water Authority included in the Board packet discussing the Dry-Year Management Plan and noting that, although there were no restrictions yet, the Authority was requesting voluntary cutbacks from its members.

Mr. Dreyer continued with an explanation of what the Authority was, its formation, and current operating practices. Mr. Dreyer then reviewed the 2017 Audited Financial Statements going over the Authority's net position, reasons for the changes, and the impacts to the District. Mr. Dreyer requested that a review of additional reports on the District's water rights and allocation within the Authority be added to the agenda of the next regular meeting.

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Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 22nd day of August 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting