

Minutes of the

Arrowhead at Vail Association

Board of Directors Meeting held

May 28, 2019

A meeting of the Board of Directors of Arrowhead at Vail Association (the “Association”) was held on Tuesday, May 28, 2019. Board members present were Cathie Bennett, Diane Loosbrock, Tim Gropp, and George Bigley. Board members in attendance by video conference were Dan Gallagher, Randy Smith, and Chad Hollingsworth. Also in attendance by video conference was George Coleman, Ex officio. Others present were Jerry Hensel, Association Manager, Sid Schultz with Design Review Administration, Koby Kenny, Director of Public Safety and Base Area Operations, Mike Trueblood, Senior Director of Beaver Creek Village Operations, Bob Shafer, representing Arrowhead Metro District, Bill Hughes, COO and General Manager of Country Club of the Rockies, Erin McCauley, Financial Analyst and Carol Floyd, Secretary to the Meeting. The meeting was called to order at 10:00 a.m., and it was noted a quorum was present.

Public Comment

Dan Gallagher introduced Bill Hughes, the incoming COO and General Manager of Country Club of the Rockies (“CCR”), as a great asset to the club and community, and welcomed him to the valley. Bill gave a brief overview of his 40-year career as a PGA professional, including 25 years with the PGA Tour building communities and opening TPC golf courses across the United States. He spoke about the integral partnership between an HOA and golf course, and CCR’s intention to move forward to benefit its members and the community.

Introductions were made.

Bob Shafer informed the Board the Arrowhead Metro District (“AMD”) Service Plan is being updated. He reported as of the first quarter, finances are on plan. Bob said the 2018 financial audit was recently completed with no issues. Spring maintenance is in progress with restriping of the parking lots, bike and pedestrian lanes, speed bumps and at stop signs. Touch up of asphalt is nearly complete. Bob addressed a previous suggestion for additional sidewalks in Arrowhead. He said the AMD Board has discussed this matter and it is unlikely there will be funding available to support such a project. Bob asked the Association Board to send any further input to him for the AMD Board to consider. Diane Loosbrock relayed a request to place one of the digital speed signs on Arrowhead Drive. Bob continued that AMD will be sending out an RFP to refinance a \$2m bond for a savings. AMD is currently working on the tax proposal that will go up for a vote in November. When asked about the status of the water tanks, Jerry Hensel answered half of the interior and exterior maintenance has been completed, and the tanks will be filled by the end of the week.

Design Review

Sid Schultz reported there will a pre-construction meeting tomorrow for a new residence at 201 Aspen Meadow Drive. He added this will bring the total of new residences under construction to five, two of which are wrapping up. The topic of reminders for general contractors to manage their sites was discussed. Sid said this is covered in the preconstruction meeting, noting reminders by Public Safety and Design Review are often necessary.

Public Safety

Koby Kenny said he and Cathie Bennett will meet in regard to updating the Activity Report for presentation at the June Board meeting. A comment field will be added and distributed with the monthly Board package.

Committees

Activities: Dan Gallagher spoke about a proposal received by Mountain Recreation to hold a kids trail run at Arrowhead on June 27th, noting this date coincides with a Thursday Afternoon Club (“TAC”) event. The Board was in agreement for Jerry Hensel to proceed with further negotiations to finalize the event. Jerry affirmed Mountain Recreation would take ownership of publicizing the event with the Association’s approval of content. Dan shared details for incorporating “Yappie/Pubs for Pups” with one of the TAC events. George Bigley requested the organizer contact Jeanne Adams or himself to discuss particulars of this event for their approval because it differs from the original agreement. Dan Gallagher agreed to discuss the event with Jeanne and will get back to the Board. Bob Shafer spoke about monitoring the leash law, in particular, for those in attendance from outside of Arrowhead. Jerry Hensel suggested adding signage outside of Broken Arrow. Randy Smith recommended referencing in the publication that four-legged animals are included on leash. Jerry Hensel gave an update on the trail construction project. Over the past three weeks, as weather permitted, the crew has been working from the Village-to-Village trail down to the trail that was built last year. The connection is expected to be complete by July 4th. Dan spoke about potentially changing the entry point to allow for snowmobile grooming on the trail next winter. Michelle Horton is planning a kickoff of the trails with a short, intermediate and long hike on July 6th. Jerry said wind screens are currently being installed at the clay courts and they should be ready for play tomorrow. Hannah Thompson, the Director of Tennis, is here and ready to use the new ball machine.

Pool Advisory Committee: Dan Gallagher requested the Board send Tim Gropp any additional thoughts or comments regarding pool closing hours.

Strategic Planning: The committee’s next meeting is scheduled for June 12th, at 10:00 a.m.

E-Bikes

Mike Trueblood informed the Board of discussions taking place in regard to allowing Class 1 and Class 2 e-bikes on mountain roads, the Village-to-Village trail, and the Village Road bike path. E-bikes would not be allowed on single tracks. Mike explained this would be consistent with the bike path policies for Town of Vail and state bike paths. Vail Mountain will not allow e-bikes this summer because of snowmaking construction. Mike said when an official announcement is made it will be shared with the community.

Committees (Continued)

Landscaping/Beautification: Cathie Bennett affirmed the lighting analysis contract was approved in the last Board meeting, and is going forward. Cathie reported the flower beds have been prepped for planting to begin next week. Dan Gallagher spoke about one finding from the ULI Study to enhance the lift space area in the summer. He presented a proposal for a bridge to be installed 50 feet upstream from the winter snow bridge to provide better connectivity of the trail system and to use as an alternative to the existing rock bridge. Jerry Hensel is researching the PUD through the County. He has received bids ranging from \$20K - \$80K, depending on how and where the bridge is installed. Dan referred this proposal to the committee for further consideration.

Communications: Randy Smith stated the social media activity and visibility have been higher than expected, given the mid-winter launch. Fresh Tape is currently working on a brand manual with details around schedules of activities. Photos and announcements are being pushed out regarding the tennis program and kids camp. Hannah Thompson and Michelle Horton will be taking photos of activities as they occur. Randy spoke about the metrics relative to communication effectiveness, with the goal of a 70% open rate. A decision has been made to implement a twice-monthly communication plan for activities. The committee has engaged a local resident with background in

corporate communications, marketing, and graphic development to prepare the newsletters, Vail Daily ads for TAC events, and posters to be located at the gates as reminders of key events. Randy indicated an additional \$1K will be needed to fund creation of these materials. Carol Floyd will distribute the prepared semi-monthly communications via MailChimp. Randy referenced a new Activities and Events calendar that will be posted on Facebook. The committee has revisited composition of the new homebuyer welcome package. This will include introduction letters from CCR and the Alpine Club, Instagram and Facebook links, and local resource information. Dan Gallagher asked the Board to send Carol suggestions for helpful information to be included in the package. She will prepare an outline of enclosures for the Board's review.

HOA Presidents Council: The committee's next meeting is scheduled for July 17th at 9:00 a.m.

Past Presidents Council: The committee's next meeting is tentatively scheduled for June 10th.

Public Safety: Cathie Bennett provided an update on the Host Compliance contract. She reiterated the goal of approving the short-term rental policy and Host Compliance contract at the June Board meeting. She said the provision for collection of sales tax has been dropped for a savings of \$5,000. With more short-term rentals than anticipated, Cathie raised the question of what the licensing fee should be to fund the compliance process. She asked the Board for feedback on the short-term policy requirement to have a local agent within a 60-minute distance and available 24 hours a day, seven days per week. Randy Smith commented this provision is consistent with a number of local community requirements. Cathie expressed the need for a clearer definition of agent. Discussion took place regarding complaints that are reported through Host Compliance and their allotted response time. Dan Gallagher suggested he, Cathie, Bob Shafer, and George Coleman reconvene via conference call to discuss this matter further. Cathie asked that the fine structure be added to the agenda of the aforementioned conference call.

Financials

Tim Gropp informed the Board of a \$248K CD that has matured. He asked for the Board's direction whether to move the funds into the operating fund or to reinvest the CD. He reported there is currently \$68K in Accounts Receivable for outstanding annual assessments noting Erin McCauley has sent out past due notice letters. Previously, CDs have been laddered in three-year terms, with one maturing annually. Jerry Hensel stated CD rates as of this morning. A one-year is 2.4%, two-year is 2.45%, and three-year is 2.5%. Because of the negligible variance in rate of return between the one and three-year terms, the Board was in agreement to reinvest the CD for one year. Dan Gallagher asked Tim Gropp to send the Board current rates following today's meeting.

Diane Loosbrock moved to reinvest the CD in the amount of \$248K for a one-year term. Cathie Bennett seconded the motion and it was unanimously approved.

Tim Gropp reported Real Estate Transfer Assessments ("RETA") are over budget year to date. \$210,000 in RETA is pending for closings in May. Tim advised there will be some reforecasting on the Income Statement for next month, including trash service, the addition of \$1K for communications and \$2K for the community map.

Black Hills Energy Rate Case

Jerry Hensel gave an update on the status of the Black Hills Energy ("Black Hills") rate case. In April, Black Hills modified its rate case filing to add an additional \$1m to its revenue request. This request was followed by opposition. If the case is not dismissed, there may be an opportunity for the Association to participate at a higher level. Jerry said Bachelor Gulch Village Association is working with a legal team on this matter, and will provide the Association with current information as it becomes available.

Trail Map Contract Approval

Jerry Hensel described the proposed trail and community map. It will feature the Arrowhead portion of the mountain with focus on the community and its amenities including CCR, the Alpine Club, Vista Restaurant, swimming pool, tennis centers, etc. A paper and electronic version will be produced. Dan Gallagher added this will be used for real estate marketing and the welcome package, and will be posted on the website and social media sites.

Motion was made by Randy Smith to approve signing of the Trail Map contract. Diane Loosbrock seconded the motion and it was unanimously approved.

Other Business

Diane Loosbrock stated she has received interest by two parties for Board positions and one recommendation from a Board member. Dan Gallagher asked each Board member to provide Diane with two suggestions for Board candidates this week.

Dan thanked the Board for their efforts with all of the work being done.

There being no further business, George Bigley moved to adjourn the meeting. Tim Gropp seconded the motion and the meeting was adjourned at 11:41 a.m.

Respectfully submitted,

Carol Floyd

Secretary for the Meeting