

Minutes of the
Arrowhead at Vail Association
Board of Directors Meeting held
August 26, 2019

A meeting of the Board of Directors of Arrowhead at Vail Association (the “Association”) was held on Monday, August 26, 2019. Board members present were Dan Gallagher, Diane Loosbrock, Randy Smith, George Bigley, and Cathie Bennett. Tim Gropp, Board member, George Coleman, Ex officio, and Jerry Hensel, Association Manager, attended via video conference. Others present were Sid Schultz with Design Review Administration, Mike Trueblood, Senior Director of Beaver Creek Village Operations, Bob Shafer, representing Arrowhead Metro District, Greg Perkins, Attorney for the Association, Jamie Peters, President of Seasons at Arrowhead Association, Bob Moroney and Bruce Kopper, property owners, 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. Introductions were made.

Public Comment

Dan Gallagher summarized the process for the Board’s review of comments received and responses sent in regard to the short-term rental licensing, regulations and rules. Jamie Peters spoke on behalf of the Seasons at Arrowhead (“Seasons”) stating there are 31 units of which 60% rent their properties part-time. He relayed concerns that policies that are onerous or costly could affect the value of units. He raised questions regarding the Complaints and Enforcement section of the proposed policy, specifically, how this section would correlate with the rules and regulations, and fine structures, currently in place at the Seasons and other lodges. He asked for clarification if the fines imposed will be applicable to renters only, guests, or the owners. Jamie inquired about the cost of engaging Host Compliance to manage complaints, noting the Seasons has a process in place to address these matters and has not encountered issues with renters at any greater level than owners. He commented on licensing fees being comparably higher than other communities. Bob Moroney reiterated that the Seasons does not have a problem with short-term renters and, if they did, they have a vehicle to address them. He drew an analogy of Federal Government getting involved in State or local government. Bruce Kopper added that everyone will complain about what the Association has done, and it will be a great disappointment. He asked the Board to consider excluding associations who already have a system to deal with these issues. Dan Gallagher explained the three-page proposed regulation was discussed in Town Hall meetings last fall, and followed a process that conceptually dealt with all of the issues raised. He agreed with Bob’s analogy in regard to the community structure and varied levels of regulation. Greg Perkins added the proposed policy does not change anything as it relates to other rules and regulations of the Association. It provides licensing and added regulation on people who are renting properties short-term, including a three-strike policy with increasing fines. Dan Gallagher spoke about the due diligence performed to determine the appropriate licensing fee. Cathie Bennett said part of the rationale in engaging Host Compliance is anticipation of if and when there is a local sales tax in Arrowhead, they will help administer. Dan stated the cost of Host Compliance services is \$15,000. Diane Loosbrock pointed out noncompliance can affect neighborhoods outside of a specific building. Randy Smith commented the Board is very conscious of homeowner values and has addressed several potential strategies to ensure those continue to be enhanced. He further stated the core of these regulations were based on a local framework of nearby communities and address a community-wide concern. Dan Gallagher said the regulation will be reviewed at the end of next year, and he welcomed feedback in the coming year. George Coleman gave a historical overview of the process that commenced in 2017, and subsequent means of communication and opportunity for comment.

Bob Shafer gave an Arrowhead Metro District (“AMD”) update from their meeting on July 31st. He said there continues to be concern of bike safety on Cresta Road. John Herbert and Koby Kenny are working on a more enhanced safety plan

for the public roads for preliminary review at AMD's meeting this Wednesday to determine next steps. Mike Trueblood commented that Cresta is not a road bike destination in comparison to Bachelor Gulch, Cordillera, or Belly Ache. Bob reported, on August 16th, AMD mailed a proposal and overview for implementing a 5% sales tax. There will be a Town Hall meeting on August 28th, 5:00 p.m. to 6:00 p.m., at Broken Arrow to answer questions. He compared it to the local sales tax in Bachelor Gulch, Beaver Creek, and Red Sky Ranch, as a means of generating revenue to support the community and offset revenue shortfalls from the Gallagher Amendment in Colorado. The vote will be open to Arrowhead property owners who are Eagle County voters with a deadline of November 5, 2019.

Proposed Adoption of Short-term Rental Regulation

Randy Smith moved to adopt the Residential Short-term Rental Licensing, Regulations and Rules as presented. Diane Loosbrock seconded the motion and it was unanimously approved.

Given the comments received this morning, Randy Smith spoke about the importance of collaborating with the various units that have their own administrative processes. Dan Gallagher thanked everyone for their efforts in development of the regulation.

Design Review

Sid Schultz said the Design Review Committee ("DRC") will continue discussion in their next meeting to resolve issues with design regulations pertaining to duplexes.

Public Safety

Koby Kenny explained changes to the monthly activity report. He, John Herbert, and Dan Gallagher have pared down the report from 36 to nine categories to be more relevant for Board purposes. Some categories are combined. Koby noted Public Safety will continue to track all categories if anyone would like more detailed information not in the consolidated report. Cathie Bennett shared that two umbrellas previously reported missing from her yard have been found on her property in an area of dense growth. Mike Trueblood reported there has been mountain lion activity in other associations. Last week, in Red Sky Ranch, a mountain lion went onto a property owner's porch and killed their dog. Department of Wildlife was unsuccessful in tracking the cats scent. Mike asked for feedback on the Colorado Classic bike race communication and traffic impacts, and the Board responded positively.

Committees

Activities: Dan Gallagher referenced photos of the Ute Trail included in the Board package. Jerry Hensel confirmed the trail crew is on schedule to complete the trail this fall, unless winter weather sets in early.

Pool Advisory Committee: Dan Gallagher asked George Bigley about the status of the pool budget. George answered he should have it for the next Board meeting.

Strategic Planning: Diane Loosbrock said the committee is considering expanding transportation next year. She is meeting with Bravo! representatives to discuss future coordinated activities.

Marketing and Communication: Randy Smith referred to the Fresh Tape Media (“Fresh Tape”) proposal for 2020. He asked for input on the characterization of the Arrowhead brand. Randy said the objective is to characterize what Arrowhead is about, to be part of messaging used on social media and other locations to help people who do not know Arrowhead understand and appreciate what it stands for. Bob Shafer suggested adding a word synonymous with “active,” from an athletic standpoint. Randy further explained these characterizations are the themes behind the story Fresh Tape will strive to tell. Randy spoke about incorporating cinemographs on Facebook and Instagram, and increasing engagement in Facebook groups. He talked about photo activation as an opportunity to gain visibility on Facebook, Instagram, and hashtags in unique locations. Fresh Tape has also proposed photo activation by creating a scene with a lift chair where people can sit and take a photo year-round with #thisisarrowhead in the background. Dan Gallagher said the Association has purchased the thisisarrowhead.com domain. Randy added that a few domain sites have been secured as possibilities to migrate from arrowheadatvail.net. Dan Gallagher mentioned a page in the proposal titled “Gates are Open” and talked about the younger generation’s desire for ease of access, noting this is the group of buyers Arrowhead is trying to attract.

Nominating: Diane Loosbrock said the committee has met. Vacancies for this year include one At-Large and one Low Density seat. The At-Large candidate has been selected, pending Board approval, and interviews are in progress for the Low Density candidate.

Tennis: Per the Cliff Drysdale contract, Dan Gallagher explained the Association receives a tennis rebate on pro and paid clinic lessons, racket restringing, and tennis equipment sales. He proposed reallocating the rebate in the coming year budget for tennis and pickle ball events, and an end-of-season bonus for the Director of Tennis and Assistant Pro. George Bigley said he is in support of a bonus program, but suggested setting parameters and benchmarks around earning a bonus. George asked who will fulfill food and beverage offerings? Dan answered the pro and tennis committee pick up items for their events and do not enlist catering. Jerry Hensel said next year’s budget proposal will include all revenue from Cliff Drysdale and an expense line for pickle ball and tennis. Randy Smith advised budgeting for tennis and pickle ball rather than directly reallocating the tennis rebate. Diane Loosbrock asked if check out and management of recreational equipment could be included in the new contract. Dan proposed including an Activities assistant in the contract.

Motion was made by Diane Loosbrock to authorize Dan Gallagher to use up to \$3,000 to work with the Tennis Committee on end-of-season bonuses for the Director of Tennis and Assistant Pro. Randy Smith seconded the motion and it was unanimously approved.

Financials

Tim Gropp reported three property owners remain outstanding on their annual assessment. Notice of delinquency will be sent allowing 30-days to respond before liens are placed on the properties. Tim reviewed the Income Statement as of July 31, 2019, noting Real Estate Transfer Assessments (“RETA”) are \$178K over budget. Between now and mid-September, an additional \$167K in RETA is anticipated. Tim explained the overage in Public Safety is the result of timing of hiring and overtime incurred, partially offset by the savings in supplies and vehicles. The unfavorable variance for trash removal has been carried forward to yearend. Tim, Jerry Hensel, and Erin McCauley are meeting next week to discuss the 2020 budget and create a draft for presentation at the next Board meeting. Mike Trueblood said RETA is trending unfavorable to budget for other association in the area.

Other Business

Lighting Study Update: Dan Gallagher said Lighting Innovation was scheduled to come up this past weekend to do a further study of Cresta Road and under lighting in the Village to create a brighter look. The revised proposal is expected before the next Board meeting. Dan affirmed another company will be sought to review the proposal for possible modifications, and alternative suppliers will be considered. Dan, Jerry Hensel, and Cathie Bennett will meet with Kathy Aalto in mid-September to explore community landscape design.

Highway 6 Crossing: Dan Gallagher said the Association has entered into a contract with McDowell Engineering. They conducted the first traffic study two weekends ago with lines across the road, and cameras near the entrance to see left and right-hand turns. Now that school is in session, they will follow-up with another study to see the impact on traffic counts and speeds. Following the second study, a meeting will be held to get their perspective, and discuss the possibility of a round-about at the main entrance, or a safety crossing at the east entrance where the speed limit is 40 mph.

Management Agreement: When asked the status of the management agreement, Mike Trueblood responded he expects to receive a draft the first week in September. He and Jerry Hensel will review before providing a draft for the Board's review the last week in September.

Committee Meetings: Randy Smith addressed the committee structure, specifically, how many committees the Association has and whether there is a need to continue having committees. He asked everyone to give this some thought, considering what the Association is trying to accomplish over the next months or years, and the best structure to be most effective and efficient in getting things done. Dan Gallagher asked that any suggestions be sent to Randy before the next meeting.

There being no further business, Cathie Bennett moved to adjourn the meeting at 11:12 a.m.

Respectfully submitted,

Carol Floyd

Secretary for the Meeting