

Minutes of the
Arrowhead at Vail Association
Board of Directors Meeting held
October 22, 2018

A meeting of the Board of Directors of Arrowhead at Vail Association (the “Association”) was held on Monday, October 22, 2018. In attendance were Board members George Coleman, Patty Strunk, and Cathie Bennett. In attendance by phone were Board members Dan Gallagher and Randy Smith, and property owner Chad Hollingsworth. Also in attendance were Jerry Hensel, Association Manager, Jim Clancy, Director of Resort Services, Sid Schultz with Design Review Administration, Paul Gorbold, Manager of Village Transportation, Bob Shafer representing Arrowhead Metro District, Erin McCauley, Financial Analyst, and Carol Floyd, Secretary for the Meeting. The meeting was called to order at 9:01 a.m., and it was noted a quorum was present. Introductions were made.

Intercommunity Council Update

Randy Smith gave an update on the Council’s recommendations pertaining to focused marketing. He said in the beginning the objective was to raise awareness and interest in Arrowhead as a resort community. He further stated, the short-term objective is to improve Arrowhead’s position in the residential marketplace. He spoke about two alternative approaches, one being to redesign the current website to be a two-faced site with a private portal for homeowners. Hits on the existing website range between 200 and 1,500 per month. Because there is no current plan to drive traffic to the website, the Council has recommended aggressively pursuing a social media engagement program to reach across most generations and stimulate interest in the community. Next steps will be to learn from brokers and familiarize them with all Arrowhead has to offer. The Council has decided to work with Jared Harding and Fresh Tape Media. The Council is requesting the Association budget \$40K for this effort. Arrowhead Metro District has committed to contribute an additional \$20K. Mr. Harding suggested the Association secure arrowheadvail.com domain. Randy will present the scope of work and cost proposal to the Board. If the cost is more than what has been proposed to budget for 2019, Randy will negotiate to lower the cost or delay the implementation of engagement to ensure the budget is able to cover the expense that is expected to occur. Randy spoke about a meeting in September with Jen Brown, Executive Director of Beaver Creek Resort Company (“BCRC”). The purpose of the meeting was to understand Beaver Creek’s priorities and strategies, share those of the Association, and explore ways to collaborate to make winter and summer a great experience for residents and guests. Beaver Creek and Bachelor Gulch have changed their color palettes from green to black and gold to be more vibrant, current, and elegant. Randy highlighted BCRC’s three major areas of focus. The Village Renaissance will energize the village, enhance retail establishments and restaurant offerings. They are working toward modernizing the guest and owner experience with more next gen activities by improving Wi-Fi, a bus transportation app, and adding more year-round non-stop flights into Eagle. BCRC is striving to create a year-round destination with very active summers by expanding the summer camp program, increasing usage of the Vilar Center, more teen engagement, and enhancing the on-mountain experience.

Metro District Update

Bob Shafer briefed the Board on the current sales tax election. Arrowhead Metro District (“AMD”) ballots were mailed on October 15. He provided information to reach Beth Johnston, the election official, in the event a Colorado resident owning property in Arrowhead does not receive a ballot. George Coleman requested an email reminder be sent to property owners. Bob reiterated ballots must be received by November 6th. The AMD budget will be confirmed at their next meeting. Bob verified AMD’s plan to contribute \$20K toward the marketing effort being proposed by the

Intercommunity Council contingent upon review of the Scope of Work. He stated the mill levy will remain at 18.5 mills. Because of the Gallagher Amendment, projections indicate revenue for 2019 could fall short by \$100K. One bus will be replaced. Since roadwork was accelerated in 2016 and 2017, the ten-year road improvement plan will resume in 2020. Bob stated the AMD Board is nearing a decision to fill its vacancy.

Transportation Update – Village Connect

Paul Gorbald gave an overview of the Uber-like booking service built by Downtowner for Beaver Creek Resort Transportation to replace the pen and paper, two-way radio dispatching system. Dial-a-ride services will be rebranded as Village Connect. The Village Connect app is available in iOS and Android for free. Paul encouraged Arrowhead property owners to download the app and set up their account in advance of winter service. It will provide the ability to track inter-village services live time, see ETAs to stops, and view when the next bus will arrive at Centennial Station and Alpine Club. When a trip is booked, users will receive confirmation the trip has been accepted, and a name and photo of the driver. When the vehicle reaches a certain proximity to a pick-up, their location is able to be tracked. Since the app was launched for guests in August, approximately 2,000 downloads have occurred, 10,000 passengers transported, and 4,000 trips booked. A robust communication campaign through print and digital media will promote the app this fall. Paul noted reservations are not currently available with this system.

Design Review

Sid Schultz reported there was a conceptual review for a new house at the last Design Review Committee meeting. A violation pertaining to Trailside Lot 1 for the unauthorized removal of five trees and other home improvements was discussed. DRC's conditions for remediation were to add back five Aspen trees a minimum of 2" in caliper and two Montgomery Spruce trees. Sid said the replacement Aspen trees measure between 1" and 1 ½" and do not meet the DRC's minimum requirement. The property owner appealed the \$30,000 fine imposed. George Coleman shared details of the Fine Appeals Committee ("FAC") decision to reduce the fine to \$5,000 with the provision this amount go toward the replacement of trees as approved by DRC. If the cost for replacement of said trees is less than \$5,000, the difference would be due as a fine. Sid suggested holding an existing compliance deposit until this matter is fully resolved. George Coleman will draft a letter summarizing conditions of the penalty (letter attached).

Public Safety

Jim Clancy addressed questions raised in the last meeting regarding Activity Report numbers year-over-year being down. He explained the dispatch program was inoperative for a period of time this year so data could not be input. In addition, training created a lag. He acknowledged the importance of accuracy of the report, and has emphasized this with the Public Safety team. Jim referenced a new log that will document each complaint by type, follow-through, call back to the person who made the complaint, and whether it is relevant to a rental guest. Jim informed the Board 30 people have requested access codes for the new gate entry system. He suggested resending the informational communication between Thanksgiving and Christmas. Bob Shafer commented on the significant number of parking complaints on the complaint log, and requested Public Safety monitor this issue more closely. Bob inquired regarding the existence of a smoking regulation. Jerry Hensel referenced an Eagle County regulation.

Committees

Activities: George Coleman provided an update from Bert Solomon in regard to the Alpine Club Swimming Pool Advisory Committee's first meeting. At Bert's request, the Alpine Club will produce a budget, expense report and meeting minutes. Rules and hours of operation were discussed. Jerry Vargas stated in that meeting the majority of use were by homeowners, their children and grandchildren.

Snow: Gary Shimanowitz sent a written update of Arrowhead Mountain upgrades that took place this summer.

Hiking: Jerry Hensel reported trail work has reached the sawdust pit and will progress no further this year. Dan Gallagher expressed desire to make this project a priority in the spring to connect to the Village-to-Village trail by June.

Landscaping/Beautification: Patty Strunk recapped projects recently completed including signage and additional plantings along Cresta Road. She spoke about repurposing the old tennis court screening to screen the view of the maintenance facility at the east entrance. Jerry added that vegetation has been cleared at intersecting cart paths on Arrowhead Drive and near the Tennis Center. These areas will be replanted with lower profile flowerbeds to open sight lines. Patty stated seven trees should be removed at the front entrance.

HOA Presidents Council: The next council meeting will be on December 3rd.

Finance

Cathie Bennett reported RETA is anticipated to reach \$1.1m this year, just short of the 2018 budget. One property owner remains outstanding on their annual assessment.

Committees (Continued):

Strategic Planning: Dan Gallagher updated the Board on the regulation for short-term rentals drafted by Greg Perkins. It has been forwarded to the Strategic Planning Committee (“SPC”) for their review and comments. He asked the Board to review the regulation and provide comments. Dan will forward any comments to Mr. Perkins for finalization and to start the adoption process by the end of the year. George Coleman relayed a question posed by George Bigley as to whether there will be a measureable outcome. George spoke about the Vail Town Council revisiting their short-term regulation that was enacted in March of 2018 to address unintended consequences. One proposition being considered is to allow a managing agent to apply for a license for all properties they manage under one application. The license would be issued to the homeowner who would be ultimately responsible. The SPC will make a final presentation at the November Board meeting for the Board to make a decision whether to go forward and how to roll out the regulation. If the regulation is adopted, Dan anticipates implementation on July 1, 2019. It was noted there will be no minimum stay requirement.

2019 Proposed Budget

Cathie Bennett spoke about the slight shortfall in RETA for 2018 and more conservative approach for 2019 with a budget of \$1.136m. There will be no change to the annual assessment. In regard to expenditures, the formula for Public Safety merit increases was discussed. Cathie noted capital expenditures are an area of the budget that can be cut back or deferred if necessary. Planned capital projects include landscaping, tennis wind screens, a new ball machine, a lighting analysis, gate feasibility study, east end hiking trail, and replacement of one Public Safety vehicle. The Board was in agreement to change the description of gate feasibility study to gates system upgrade whereby gate mechanisms and or materials could be replaced. Jerry explained some of the current gate issues are a result of Wi-Fi obstructed sight lines to the clock tower by maturing trees. Pruning and tree removal to resolve this issue is in progress. Cathie indicated the \$40K for marketing falls under Property Owner Functions. The Fourth of July and Friday Afternoon Club (“FAC”) events are included in Recreational Amenities. It was noted \$2K has been added to this line item to increase the number of FACs to four. Movie nights were excluded due to lack of participation.

Patty Strunk moved to adopt the 2019 Budget as amended by the Finance Committee. Cathie Bennett seconded the motion and it was unanimously approved.

Annual Meeting Date

George Coleman presented various dates and venues for the Annual Meeting. He and Jerry Hensel will determine a date and location within the next week. The Board was in agreement.

Other Business

George Coleman informed the Board of a transfer exemption approved by the Association's legal counsel.

George Coleman asked the Board to consider for future discussion the effect of the transfer fee percentage on property sales. If the Association were to increase the transfer fee to 2% (from 1.5%), it would generate a minimum of \$300K in additional revenue. George said this revenue could be used to build the reserve fund and delay increases to the annual assessment. This would require amending the Declaration by a more than 60% vote of the membership. The Board agreed to include this topic on the Annual Meeting agenda.

George asked the Board to give consideration to having the immediate past president sit on the Board ex officio with no authority to vote, the year following their term, to provide continuity and historical perspective, beginning in 2020.

There being no further business, Cathie Bennett moved to adjourn the meeting. Patty Strunk seconded the motion and the meeting was adjourned at 10:43 a.m.

Respectfully submitted,

Carol Floyd

Secretary for the Meeting