

Minutes of the

Arrowhead at Vail Association

Board of Directors Meeting held

September 6, 2018

A meeting of the Board of Directors of Arrowhead at Vail Association (the “Association”) was held on Thursday, September 6, 2018. In attendance were Board members Randy Smith, Patty Strunk, and Dan Gallagher. Also in attendance were Jerry Hensel, Association Manager, Bob Shafer representing Arrowhead Metro District, Bert Solomon, property owner, Erin McCauley, Financial Analyst, and Carol Floyd, Secretary for the Meeting. In attendance by phone were Board members George Coleman and Tim Gropp. The meeting was called to order at 9:01 a.m., and it was noted a quorum was present. Introductions were made.

Public Comment

Bob Shafer spoke about a special meeting of the Arrowhead Metro District (“AMD”) Board of Directors where they passed a resolution to move forward with an election for a 5.5% local sales tax. Colorado registered voters who own property in Arrowhead will be eligible to vote. Ballots will be mailed on October 15th and will be due back by November 6th. Governmental guidelines allow for one week to finalize the election results. Bob requested an email announcement be sent to property owners, and George Coleman suggested including this with an Association communication going out soon, followed by a reminder closer to the election. Bob reported the Cresta Road safety plan is nearly complete. New signage has been installed. Pedestrian stencils will be affixed to the road next week. Bob stated Jerry Hensel has been working with Alpine Engineering to assess all streets in Arrowhead and create a 10-year plan for milling and overlay. It was noted Alpine Engineering did an extensive study on all drainage and roads within Arrowhead two years ago and reported everything to be in good condition. Bob Rosen will be resigning from the AMD Board after this month’s meeting because he has sold his home and is moving. AMD will be looking for a replacement, preferably someone with legal skills. George Coleman expressed thanks on behalf of the Association to Bob Shafer for his thorough presentation at the Town Hall meeting. George asked Bob about the status of AVA participating in a special purpose audit of the Vail Resorts Operations Agreement. Bob Shafer and Jerry Hensel explained because McMahan and Associates performs a financial audit on the Association and Vail Resorts’ management of the Association annually, they have been advised an additional audit would be redundant. Dan Gallagher spoke as a resident rather than Board member of Arrowhead. He asked Public Safety to reconsider their policy requiring all cyclists to check in at the main entrance before entering the community. He said this will encourage cyclists to enter through the east and west gates. Other communities allow cyclists to enter through their side gate. He stated he would not want Arrowhead to be the community that changes the nature of this recreational experience. Dan further commented it is not possible to stay in the Cresta Road bike lane while going down at the 25 mph speed limit. George Coleman sent this matter back to the Public Safety Committee providing Dan the opportunity to submit his comments in writing or present to the committee in person.

Design Review

George Coleman commended David Cooper for his exceptional presentations at both Town Hall meetings, and to those involved in the Design Guideline revision process.

Public Safety

George Coleman noted Public Safety is now tracking incidents related to renters. The only incident in last month’s report was a call from a renter reporting a safety issue that was a benefit to the community. Patty asked how many

residents have submitted a request for personal gate access codes. Jerry Hensel will follow-up with Public Safety and email this information to the Board. Bob Shafer voiced concern in regard to Public Safety issues brought up at the Town Hall meeting. Jerry Hensel said he and Jim Clancy will address these issues and provide an update at the next AMD and Association Board meetings.

Committees

Activities: Friday Afternoon Club was well received. The Bravo shuttle was poorly attended. When final numbers are in, the Board will make a decision whether to include this in next year's budget. Weather may have deterred attendance of the Summer Salute. The 25 who did attend enjoyed being there. Reaction to the new hiking trail has been terrific. Jerry reported the trail crew is currently working on and expects to complete the interconnect trail, which Bachelor Gulch Village Association is funding, to the Village to Village trail in September.

Landscaping/Beautification: Additional plantings have been put in by the Cresta gate. The creek has been cleaned up. Patty proposed removal of seven trees at the entrance gate. Jerry has requested a proposal for review at the next Board meeting, noting this would be put into the capital budget for next year. Jerry said all vegetation causing visual obstruction at cart path crossings will be removed. George restated the request going forward for sketches of any substantial landscape proposals.

Nominating: Dan Gallagher announced the Nominating Committee has recommended Diane Loosbrock for the At-Large Director candidate and Chad Hollingsworth for the Medium Density Director candidate in the upcoming Board of Director election. Diane has been very active on the ULI Study and Long-range Planning committees. Chad lives in the Front Range. He has been working with Randy on the joint marketing effort. Social Media is one of his vocational expertise. George Coleman suggested the candidates be invited to attend in person or by phone the remaining Board meetings this year.

HOA Presidents Council: Tim Gropp said there is nothing new to report. Their next meeting will be scheduled in advance of the Annual Meeting.

Intercommunity Council: The next meeting is scheduled for September 25th for further review of strategic and marketing options as it relates to the community's presence via website or other media outlets. A new proposal will be presented by Hill Aevium.

Financials

Erin McCauley reviewed the financials as of July 31, 2018. Operating expenses are tracking on budget. Three properties remain outstanding on their annual assessments. Real Estate Transfer Assessments ("RETA") are short by \$281K. The budget through September is approximately \$900K. \$360K in RETA is anticipated to come in by the end of September. The worst case scenario, as estimated by Cathie Bennett, Jerry Hensel, and Erin, at the end of October would be a \$100K shortfall in RETA. Erin said there will be capital project savings of \$35K and \$16K in savings on expenses to offset the shortfall in RETA by \$50K. The end of year fund balance is expected to remain above \$1m. Randy Smith asked, based on projections, how many real estate transactions will close this year? Erin shared a worksheet with estimates through September and offered to send further information to the Board.

Town Hall Meeting Recap

George Coleman reported approximately 75 attended the September 2nd Town Hall meeting for a total of over 200 for both meetings. Additionally, email commentary was received by many in the community. Those who posed questions received a written or telephone response. The sales tax, Design Guidelines, and Public Safety discussions were well received. In regard to short-term rentals, there was not a lot of opposition to reasonable regulations. Some were very much in favor of a minimum stay outside the core. Many more were in favor of not instituting a minimum stay. There were comments on owners' rights.

Committees (continued)

Strategic Planning: The committee met prior to the second Town Hall meeting. The Short-term Rentals subcommittee report was received. There was unanimous agreement in the Strategic Planning Committee to move forward with enforceable short-term rental regulations to include fines and the ability to revoke a license in the event of bad conduct. There was nearly unanimous agreement that the Association should not proceed at this time with a minimum stay. The committee will provide a formal report and recommendation at the September 24th Board meeting. Randy Smith commented the direction of resolution is a two piece solution, licensure and enforcement. Everyone who intends to rent must declare they are going to rent, agree to abide by the regulations, pay a fee, and recognize they are subject to losing that right. He posed the question of whether AMD or the Association would be responsible for licensure, assuming the Association would likely handle enforcement. George Coleman will provide the Board with Greg Perkin's legal opinion and options in regard to this matter within two days.

Public Comment: In preface of his comments, Bert Solomon referenced the Vision, Mission and Guiding Principles of Arrowhead. He explained when he bought his property twenty years ago, there were no short-term rentals. This was the most desirable private residence, and not an opportunity for someone to supplement their income or buy a piece of property at a reduced operating expense. Bert gave various examples of situations encountered by other property owners in the community. He acknowledged it would be difficult to eliminate rentals in the core and asserted that those outside the core need protection. He stated, in his opinion, a one-week minimum stay is not sufficient. He asked why the Association is taking away from the quality of life of the private residents.

Annual Meeting Date

The proposed date of December 28th for the Annual Meeting was determined to be in conflict with County Club of the Rockies holiday party. A new date will be chosen and confirmed at the September 24th Board meeting.

Other Business

Jerry Hensel informed the Board he and Carol Floyd are researching electronic voting to potentially implement for the annual election of Board of Directors. The cost would be comparable to letterhead and postage for mailing the annual meeting notice and ballots. The Board was open to consideration of this option.

George Coleman appointed Bert Solomon to the Alpine Club Pool Advisory Council, joining a representative from Vail Resorts and Village at Arrowhead Association. George thanked Bert for his continued service on behalf of the community as he has done for so many years in many capacities. Bert accepted the appointment.

There being no further business, the meeting was adjourned at 10:13 a.m.

Respectfully submitted,

Carol Floyd

Secretary to the Meeting

