

**Minutes of the
Arrowhead at Vail Association
Board of Directors Meeting
held September 27, 2021
via Videoconference**

A meeting of the Board of Directors of Arrowhead at Vail Association (the “Association”) was held on Monday, September 27, 2021, virtually via Zoom videoconference. Board members present were Diane Loosbrock, Mark Noble, George Coleman, Cynthia Bell, Phil Metz, Mary Pat Rapp, Chad Hollingsworth, Randy Smith, Ex Officio, and Richard Jensen, Director Emeritus. Also present were Tim Gropp and Janet Cooper, Board nominees; Jerry Hensel, Association Manager; Koby Kenny, Director of Public Safety; Dana Miller, Financial Analyst; Val Ropes, Administrative Assistant to the Board; Sid Schultz, Sr. Analyst for Design Review Administration; Bill Roe representing Arrowhead Metro District; Kathy Roe, Chair of the Tennis Committee; and Samantha Hodgkins, consultant. Diane Loosbrock called the meeting to order at 10:01 a.m. Jerry Hensel confirmed a quorum was present.

Introductions

Diane Loosbrock explained Board member, Samantha Hodgkins, has sold her property and stepped down from the Board. She introduced Cynthia Bell who has agreed to fill her position. Samantha will continue to work with the Board on an hourly basis to consult on media management. Diane introduced Tim Gropp and Janet Cooper, Board nominees for terms to commence in 2022, and Richard Jensen who will serve as Trustee Emeritus. She noted Bill Roe will present an Arrowhead Metro District (“AMD”) update in Bob Shafer’s absence.

Public Comment

Bill Roe announced the mill levy rate will be reduced from 17 to 15 mills as a result of sales tax revenue generated. He spoke about AMD’s initiative to lower debt cost. Before the end of this year, AMD will replace \$1.6M in bonds with lower interest taxable bonds. Rates on this transaction were locked in last week with JP Morgan Chase. The AMD budget to be approved next month will allow for further acceleration of road maintenance while maintaining a healthy reserve. Bill reported AMD has put the Route 6 roundabout on hold because they have exhausted all potential partners for this project. Edwards Metro District (“EMD”) has expressed interest in partnering to provide a safe path for pedestrians and cyclists connecting the three gates on the south side of Hwy 6 and over to Miller Ranch. AMD would continue to seek approval from Colorado Department of Transportation (“CDOT”) to lower the speed limit on Hwy 6 from the east gate allowing for crosswalks with lights to be installed. This project is estimated to cost \$1M. Regarding transportation, Bill explained, despite Jerry Hensel’s and Vail Resorts’ best efforts, there are not enough drivers to expand service this winter. Reduced service levels similar to last year are anticipated. Jerry Hensel said he has been working with Arrowhead Property Management to collaborate in offering limited evening transportation to some events in Beaver Creek.

Design Review

Sid Schultz reported there has been no communication from the owners of 201 Aspen Meadow Drive with a plan for putting metal panels on their outdoor fireplace. The Design Review Committee (“DRC”) has tabled the appeal of the denial for the roof project at 67 St. Andrews Place awaiting a proposal from the roofing contractor to resolve the matter. Sid expressed concern with regard to an anticipated additional application from this property owner for tree removal and to align their driveway. He said the DRC is not likely to review those applications until the roofing issue is resolved. The Board was in support of the DRC’s approach. George Coleman suggested DRC implement additional sign-off measures for property owners and their contractors. Diane Loosbrock noted the property owner is ultimately responsible if their contractor deviates from approved plans.

Public Safety

Koby Kenny reviewed the complaint log noting it was longer than usual. Because this is a public document, Diane Loosbrock requested names be removed from the log going forward. Public Safety is consulting with the gate technician regarding the feasibility of canceling and reissuing all gate codes. Diane referenced the Key Holder Agreement and said she has recommended Public Safety accept only packages that require signature and to stipulate a timeframe for when they must be picked up. Mark Noble stated there were many comments in the homeowner survey indicating a desire for this service. Diane relayed a suggestion for placing an Amazon delivery box at the Tennis Center. Mark Noble agreed to have the Strategic Planning Committee look into this.

Financials

Dana Miller said the financial presentation has been consolidated to a one-page summary with detailed financial information included in the package for review. She reported the Association's financials remain very strong through the end of August. There are currently \$5.8M in Total Assets. Seven owners were outstanding on their annual assessment at the end of August and there are currently two owners who have not paid. Revenue remains strong with Real Estate Transfer Assessments ("RETA") \$607K favorable to budget and Design Review fees \$50K favorable to budget. There were two sales in August and RETA fell below the monthly budget. September and October look to be very strong months with approximately 20 pending sales. Although inventory is low, it is not impacting sales. Operating expenses as of August 31st were \$1.7M vs. a budget of just over \$2M. Favorable line items include Public Safety labor savings, HOA functions, and landscape improvements that have been deferred to 2022. The year-end surplus is forecasted to be \$630K. Dana informed the Board the audit is complete and adjustments have been posted. A draft has been issued and the final version is expected the first week in October along with the tax return. Dana added that no taxes are due. The 2021 audit has been scheduled.

2022 Proposed Budget

Dana Miller reviewed the proposed budget for 2022. Revenue is budgeted at \$2.6M. RETA is budgeted conservatively at \$1.4M based on a five-year average excluding 2021 forecast and 2020 actuals, with those being extraordinary years. Design Review fees are budgeted with a slight increase at \$62K. Expenses are budgeted at \$2.4M with \$869K for Public Safety including a staffing level of one manager, four leads and nine officers. A 12% increase is anticipated for landscaping contracts and Roots material. Recreational amenities include restroom repairs and cleaning. Trash removal is budgeted to decrease with valet service to be paid by participating property owners. HOA Functions will be discussed later in the meeting. Design Review expense includes an expected increase in office rent and one staff member going from seasonal to year-round status. This leaves an operating surplus of \$193K. Improvements are budgeted at \$586K as follows: \$30K for Tennis facilities includes consulting or roof improvements and Tennis Center security; \$410K for landscaping entrances and \$30K for interior landscaping that was deferred from this year; \$25K for entrance gates; \$20K for cameras and gate server; hiking trail improvements \$33K; fire mitigation \$20K; and \$12K for pickleball conversion. Jerry Hensel explained new camera technology is needed on the recently installed light poles. He asked for the Board to approve a \$30K expenditure to complete this work in 2021.

Mark Noble moved to approve \$30K from the 2021 budget to update camera equipment in conjunction with the new lighting standards. George Coleman seconded the motion and it was unanimously approved.

Mark Noble asked for an additional month to review the budget with the Finance Committee with the intention of bringing an approvable document to the October Board meeting. Reducing the deficit was discussed. Diane Loosbrock expressed gratitude to AMD for supporting the brand by accelerating roadwork in the neighborhood. Mark Noble referenced the Multiyear Forecast Detail noting it is currently a rough draft of a ten-year outlook showing where improvements will be needed. He said the Strategic Planning Committee and project committees will need clear plans to validate budgets. Randy Smith stated the landscaping numbers will decrease significantly if AMD drops the roundabout project. Mark talked about a potential increase to the \$60K scheduled for Tennis Facilities. Diane Loosbrock spoke about the homeowner survey and many comments showing interest in having a community center. Kathy Roe, Tennis Committee Chair, has suggested consideration of expanding the tennis facility to provide additional amenities. David Cooper has offered to volunteer his time to determine what could be done with the available space. He has requested ideas for what the Association would like to implement. Diane asked the Board to send her their ideas to begin envisioning possibilities for a future project. Soliciting input from homeowners was discussed.

Committees

Investment Committee: Randy Smith said the Investment Policy Statement will be finalized at the upcoming Investment Committee meeting for the Board's consideration and formal approval at their October meeting. The other topic to be discussed is allocation of dollars to be held in the operating, short-term, or long-term accounts. Randy noted the importance of the Association's long-term plan in determining the approach taken. The committee is leaning toward a conservative initial approach to the investment strategy. The committee will discuss whether to continue with the philosophy of operating the investment strategy without an advisor. It has been preferred because of the fees associated with an advisor. This meeting will set the stage for how to protect and grow the reserve funds.

Operations: Jerry Hensel said he has been working with Kathy Roe on improvements and maintenance at the clay and pickleball courts. He is waiting for approval from Vail Resorts to open the Broken Arrow restrooms during the summer and possibly extend hours in the winter. One shipment of lights is expected to arrive this week followed by the remaining lighting in the next couple of weeks. An electrician is lined up to install the lighting. Jerry gave an improvement and

replacement update. Landscaping at the east gate was deferred to next year. Planning is in progress for implementation next spring. The pickleball conversion of one tennis court into four permanent pickleball courts is complete. Two additional permanent nets and bumping out the California corners will be done next spring. A sun screen has been installed. The new grill has been set up at the clay courts. Managing use of the grill is to be determined. Wildfire mitigation is in process with clearing south of the Dakotas. Randy Smith asked about securing the pickleball courts with a code lock. Jerry answered it is in the budget for next year. Randy also inquired if there are drainage issues at the courts that need to be addressed. Jerry said he will look at this. Kathy Roe suggested trimming or removing trees around the courts to allow for sunlight to dry the courts more quickly.

Strategic Planning: Mark Noble reported the committee has submitted an application for an Amazon locker hub. A response is expected within two weeks. The report for the homeowner survey report is complete and has been circulated to the Board for review. Mark would like to distribute the entire report to all property owners via an emailed link. Discussion took place with regard to posting the report on the website.

Marketing and Communications: Diane Loosbrock said Samantha Hodgkins will review quarterly initiatives with Fresh Tape Media to determine the budget for 2022.

Activities: Val Ropes reported activities were very successful this year. George Coleman spoke about activity ideas for the remainder of this year and next year. George asked for guidance on a budget for activities. He said his current estimate is \$25K excluding the Fourth of July breakfast at Broken Arrow. The use of outside vendors was discussed. Jerry Hensel will contact Vail Resorts to inquire about their operating plan for next year and seek approval for permitting the Association to use outside vendors. George suggested the number of Thursday Afternoon Club events could be increased to eight. Other ideas include snow golf or soccer, a family day outing, kids-only and adults-only events, and winter and summer A Games. Diane Loosbrock commented that the events are labor intensive and more committee members are needed to assist during these events. Jerry Hensel informed the Board the Vail Recreation District has proposed holding the skimo race in Arrowhead on January 22, 2022. The Board was in support of this event.

Work In Progress: Val Ropes presented a notebook being created to share community offerings with new homeowners in addition to the current binder containing governing documents. Val asked for the Board's guidance regarding the best means of delivering this information. She suggested meeting new owners in person. George Coleman proposed resuming wine and cheese events at the Alpine Club for new owners. Phil Metz offered for the Alpine Club to share in the cost of such events, being mutually beneficial.

Tennis: Kathy Roe gave an overview of tennis and pickleball improvements. She spoke about the racquet sports and kids programs managed by Cliff Drysdale Management ("CDM") that stretch over many generational age ranges, and the importance of getting it right. Kathy expressed concern regarding decreased rebates paid by CDM to the Association based on participation in programs. She will provide recommended changes to the budget line item descriptions to better reflect how funds are used. Randy Smith recommended the Board raise the bar and set the standard high for all elements and initiatives of Arrowhead, including appearance and function.

Arrowhead Alpine Club Swimming Pool Agreement Update: Phil Metz informed the Board he and George Coleman have aligned on adjustments to the Alpine Club Pool Shared Use and Cost Share Agreement and it is currently with Vail Resorts Legal department for review. Phil further stated he and Julie Kirkham have examined usage and have concluded the operating shared cost is unfairly spread between the Alpine Club, Village at Arrowhead Association, and Arrowhead at Vail Association. Phil also said the Alpine Club is forecasting a higher expense cost for 2022 due to operational changes by bringing in an expert contractor to manage the pool chemicals. They will present the Board with a revised cost sharing proposal soon. George noted the Association will function under the current cost sharing agreement until a revised agreement is agreed to. George recommended budgeting double the cost sharing amount in the 2022 budget.

New Business

Articles of Incorporation Revision Vote: Diane Loosbrock explained the Articles of Incorporation ("Articles") are being revised to align with the Bylaws. They will require property owner approval.

Annual Meeting Date and Record Date: Diane Loosbrock recommended setting a record date of November 15, 2021 to establish eligibility to vote in the annual election and the Board was in agreement. An Annual Meeting date of December 21, 2021 at 3:00 p.m. was tentatively scheduled. Val Ropes will follow-up with Board members to confirm availability.

There being no further business, George Coleman moved to adjourn the meeting. Mark Noble seconded the motion and the meeting was adjourned at 12:02 p.m.

Respectfully submitted,

Carol Floyd
Secretary for the Meeting