

**Minutes of the
Arrowhead Association
Board of Directors Meeting
held October 24, 2022
via videoconference**

A meeting of the Board of Directors of Arrowhead Association (the “Association”) was held on Monday, October 24, 2022 virtually via Zoom videoconference. Board members present were George Coleman, Tim Gropp, Janet Cooper, Cynthia Bell, Mary Pat Rapp, Kathy Roe and Koby Kenny; Diane Loosbrock, Ex Officio; Richard Jensen, Director Emeritus; and Val Ropes, Administrative Assistant to the Board. Also present were Jerry Hensel, Association Manager; Sid Schultz, Sr. Analyst for Design Review Administration; Bob Shafer, President of Arrowhead Metro District (AMD); Peter Blake, Brian O’Hearne, Bob Moroney, Randy Smith, and Lisa Diaz, property owners; Hugh Fairfield-Smith with Eagle Valley Wildland; Chief Karl Bauer with Eagle River Fire Protection District; and Carol Floyd, Secretary for the Meeting. George Coleman called the meeting to order at 10:00 a.m.

George Coleman acknowledged the October 24, 2022 meeting minutes were approved electronically as presented.

Public Comment

Jerry Hensel introduced Hugh Fairfield-Smith, Wildfire Coordinator for the Eagle Valley Wildland (“EVW”). Hugh explained EVW program is a collaboration of Eagle River Fire Protection District, Greater Eagle Fire Protection District, and Gypsum Fire Protection District to help reduce the threat of catastrophic wildfire in the community. Wildfire mitigation plans are created for all communities in the area and EVW takes an entire community approach. They assess risk from burn probability, wildfire severity, and likelihood of wildfire. In Arrowhead, the likelihood of wildfire is fairly high near homes and decreases further up the mountain. When looking at the County as a whole, the likelihood of wildfire is high to the west and burn severity becomes greater to the east. EVW designs mitigation projects that correlate with the risk. Hugh said they are seeking approval and support for fuel breaks that will directly impact the Arrowhead community. He shared maps of fire mitigation in Beaver Creek, Bachelor Gulch and Arrowhead that has been completed, is in progress or approved. Hugh said treatment involves a 60% - 80% reduction in overall vegetation that could carry fire. He shared simulations of a lightning strike fire started above Homestead, showing how it could impact the Arrowhead community now and the reduction in risk with fuel breaks. Chief Karl Bauer spoke about the creation of the local fuels program vs. what was traditionally the province of the Federal land management agencies. EVW has focused on local lands to reduce fuel throughout the valley. This allows firefighters to engage in the tactics necessary to suppress fire or reduce the impact to the community. George Coleman asked what approvals are needed. Hugh answered most projects are on Vail Resorts land. EVW will work with Jerry Hensel and Koby Kenny to gain those approvals. He further stated they are seeking financial support noting they have applied for multiple matching grants from State and Federal sources. Jerry Hensel clarified fire mitigation is needed adjacent to homes on Sawatch and Arrowhead Drive and onto surrounding Vail Resorts land. Jerry requested to increase the wildfire mitigation budget from \$20K to \$50K for 2023. Koby Kenny added EVW has worked with Beaver Creek Metro District, Beaver Creek Resort Company, and Bachelor Gulch Metro District to treat nearly 800 acres this year. Arrowhead has benefited from 10% of the mitigation work and contributed 2% of the total investment. He spoke in favor of expanded financial support moving forward. Diane Loosbrock asked if any mitigation would be done on homeowners’ private land. Hugh answered they do not treat private property but do work with homeowners to design fuel treatment plans.

Bob Shafer said he received official correspondence from Eagle County declining Arrowhead Metro District’s request for funding toward the roundabout. Bob has a call scheduled with the Eagle County Engineer and Senior Staff Engineer to garner their support for funding that may be available outside of the County. The County could possibly support this project at lower levels combined with other funding. George Coleman reiterated this project will be passed by the community again before it proceeds and Bob affirmed. Bob said AMD has budgeted to build six parking spaces at the west tennis courts as part of the road resurfacing plan.

Investment Advisor Report

Randy Smith referenced minutes from the most recent quarterly Investment Committee meeting. He said the meetings have been very productive with the staff of Mercer Advisors (“Mercer”). Focus of the meetings is on market trends, performance of the portfolio, and recommended changes for the committee to consider and put into action. Randy spoke about this being a volatile year. The Association’s short-term portfolio is three to five years, and longer for the long-term portfolio. The goal is to preserve the purchasing power of the Association’s key asset that the Investment Committee oversees. Randy introduced Drew Harper, Account Advisor with Mercer. He gave an overview of the Mercer Executive Summary. As CDs matured in April in May, those funds were invested in a DCA plan over a six-month period. When short-term and long-term investments are combined, 85% are in fixed income securities and 50% are in equities. On a

risk scale of one to ten, it is approximately 1.5. Composition of the tiers is predominately ETFs. The long-term pool is 30% stocks and 70% fixed income. For planning purposes, Randy asked Janet Cooper to let him know when the 2023 budget is finalized if there will be any cash requirements coming out of the Investment Committee's fund portfolio for capital projects.

Design Review

George Coleman said the Association sent an email to the community regarding wildfire mitigation with information to request a risk assessment on their personal property. Sid Schultz added that the aforementioned communication included a new fee structure for tree removal applicable to property owners who have not gone through the risk assessment process. The fees are \$50 per tree for the first four trees to be removed and \$400 for more than four trees to be removed.

Tim Gropp moved to adopt the following Design Review fee structure for tree removal: \$50 per tree for the first four trees to be removed and \$400 for more than four trees to be removed. Mary Pat Rapp seconded the motion and it was unanimously approved.

Sid spoke about difficulties enforcing noncompliance because of a new law that is now in effect. George Coleman suggested forming a committee including one or two Design Review Committee members and two other members to draft a communication that will inform and set the expectation of compliance for homeowners.

Public Safety

Koby Kenny reported there were no complaints by homeowners or guests and no violations. Total vehicles through the gate was down 7% for the month and year over year. 38 people have signed up online and five in person for the new key holder agreement. George noted the agreement provides certain privileges and responsibilities as well as appropriate risk management for Public Safety and the Association. The agreement was emailed to property owners. Koby reviewed a quote received in the amount of \$100K to replace all TransCore RFID readers with a sticker that would be placed on the windshield of vehicles. He recommended upgrading gates and gate motors before implementing a new entry system. An assessment of gate upgrades needed is currently underway. When asked the status of transponders, Koby said they are expected by the end of October. Clickers similar to a garage door opener have been given to some homeowners in the interim.

Committees

Operations: Jerry Hensel said EV chargers are currently being installed at the skier lot and should be operational within two weeks. Pickleball parking expansion is in the AMD budget and moving forward unless opposing feedback is received. All restrooms have been winterized and closed for the season. The clay courts have been winterized. Kathy Aalto is currently working on plans for the west entrance. Jerry expects to present those plans and cost at the next Board meeting. Three bollards remain to be installed in the Village core. Public Safety now audits lighting and reports any outages weekly. AMD is in discussion with Vail Resorts regarding any additional service they will be able to provide, depending on staffing. AMD would like to offer night service and an additional weekly ski bus to Vail. If not feasible, there may be an opportunity to cooperate with Arrowhead Property Management. Tim Gropp asked if a meeting has taken place regarding planning for the lawn area. Jerry Hensel said a group met with Kathy Aalto at the site last week and discussed ideas. George Coleman inquired regarding the status of plans for an overall landscaping strategy for the Village core. Jerry said he met with Kathy Aalto two weeks ago and is expecting a proposal broken out by each condo association. He will present this plan to the Association and Village at Arrowhead Association.

Strategic Planning: Tim Gropp spoke about some of the longer-term initiatives including a community center, owner pool, and amenities. With the amount of turnover and new residents in the community, another survey is planned for next June. Dan Gallagher will lead the Survey subcommittee.

Marketing and Communications: Samantha Hodgkins said Val Ropes is leading the new website refresh with Fresh Tape. It will be ready to launch and go live before Thanksgiving. The new platform, Square Space, will be contemporary and very user friendly for maintenance and web management. A transition from the current webmaster will need to happen. Samantha proposed drafting a letter for George Coleman's signature to transition the current service. The communication of the Arrowhead Association name, new website domain, and new social media domains will be communicated to the community when the website is ready to go live. Diane Loosbrock suggested presenting a demo of the new site at the Annual Meeting. Val Ropes said the fall newsletter will be sent this week with a goal of also sending an early season winter newsletter. Samantha added content from the homeowners welcome information will be leveraged for use on the new website. Val said this content will be available via a pdf document and also as a web page on the new site. Kathy Roe asked if there would be a way to get this information to people who rent their properties as a benefit to their renters. Discussion took place regarding redistributing this information to all property owners. Storyboard and scripting for preproduction of the drone video capture work is moving ahead. Samantha asked Jerry Hensel to keep her and Val

informed regarding Vail Resort's approval. Janet Cooper mentioned Arrowhead was recently featured in an article in the real estate section of the Wall Street Journal.

Activities: Kathy Roe spoke about a recent positive and constructive meeting with the racquet sports committee, Terry Ward, Julie Young, and representatives of Alpine Club and Country Club of the Rockies. She pointed out that the community's expectations have become higher over the past several years. Kathy commended the current and previous few Boards for supporting an administrative infrastructure to provide high quality activities, newsletters, and social media presence, etc.

Hiking: Mary Pat Rapp thanked Jerry Hensel for all he does to support trails. She reported Vail Resorts is currently clearing a couple of trails through Gallagher's Glade, one to the yurt and one that will exit on Pow Wow. Jerry and Vail Resorts are working with residents of McCoy Creek Cabins to find a Mud Springs extension to lessen hiking and biking traffic on Cresta Road. The proposed Dakota trail has been revised and is budgeted for next year. Mary Pat asked everyone to stay tuned for a wildflower planting volunteer day in the spring.

Financials

Janet Cooper reported the Association is in a strong financial position. Real estate transfer assessments ("RETA") continue to be the driving factor with \$1.8M received through September 30, 2022, and \$2.4M forecasted to end the year, favorable by \$750K. Two people have not paid their 2022 annual assessment. There is an unrealized loss on investments of \$268K. Expenses are favorable to budget because Public Safety has not been fully staffed and projects were not completed as rapidly as planned. Landscaping projects will exceed budget. A surplus of \$400K is projected.

2023 Proposed Budget

Janet Cooper stated the proposed budget is balanced for revenue to meet operating expenses. RETA is budgeted at \$1.6M. Wage inflation is accounted for in operating expenses with a 21% increase in Public Safety and 27% increase in Municipal Services. To meet the inflation in wages and fuel, the annual assessment will be increased for the first time in five years by \$200. to \$1,800. Janet reviewed proposed improvement and replacement projects. \$81K is budgeted for tennis improvements include landscaping, wind screens, and releveling. Janet noted this does not include pickleball. The pickleball parking expansion will be paid for by AMD. \$85K is budgeted to improve the mountain base area. Other major improvements include the entrance gates, Public Safety gatehouse, and continuation of the landscaping project at the west gate. Fire mitigation has been increased to \$50K. Janet explained \$10K in Board directed improvements is a discretionary amount the Board can approve for unexpected items not included in the budget. Funding for these projects totaling \$1M will be taken out of the \$6.6M reserve fund. Kathy Roe stated windscreens will not be replaced in 2023 saving \$12K. George Coleman recommended budgeting \$10K for the homeowner survey, a \$4K increase to the operating budget. Koby Kenny proposed increasing fire mitigation funding for 2022. Janet explained the Board does not have legal flexibility to alter the approved budget. The Board agreed to increase the 2023 contribution for fire mitigation to \$60K. A line item in the amount of \$5K was added to property owner functions for a Bravo event.

Tim Gropp moved to adopt the 2023 budget as presented with the following changes to present to membership for ratification: In HOA functions, the addition of \$5K for a Bravo event and an increase of \$4K for the homeowner survey; in improvements and replacements, removal of \$12K for tennis windscreens and an increase of \$10K for fire mitigation. Kathy Roe seconded the motion and it was unanimously approved.

New Business

Committee Assignments: George Coleman asked all Board members, including incoming and outgoing, to consider committee assignments they may be interested in assuming based on background and expertise.

In-person Meetings: George Coleman suggested the Board consider returning to in-person meetings with a Zoom option in January. Tim Gropp commented in favor. This will be discussed by leadership at the first of the year.

New Committee Appointments: Tim Gropp recommended appointing Carolyn Gust and Ray Siegel to the Strategic Planning Committee. Carolyn has a solid marketing and communications background and has worked with several national consumer brands. Ray has an extensive background in accounting and finance, and has ran his own company.

Tim Gropp moved to appoint Carolyn Gust and Ray Siegel to the Strategic Planning Committee. Kathy Roe seconded the motion and it was unanimously approved.

Next Board Meeting: The next Board meeting will be November 28, 2022.

There being no further business, the meeting was adjourned at 11:58 a.m.

Respectfully submitted,

Carol Floyd, Secretary for the Meeting