
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District February 28, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on February 28, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance

The following Directors were present and acting:

- Dick Bourret (via phone)
- Bob Rosen
- Chris Matlon
- Bob Shafer
- Thomas Svoboda

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- George Coleman, President of Arrowhead at Vail Association
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Tom Howard, owner 84 Aspen Meadow Dr.
- Geoff Dryer, Upper Eagle River Water & Sanitation District (via phone)

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by President Matlon on February 28, 2018, at 3:30 p.m. noting a quorum was present.

Consideration of Changes to the Agenda

No changes were made to the agenda.

AVA

George Coleman gave a report regarding activity at the Arrowhead at Vail Association:

- The Design Guideline Project rewrite was expected to be submitted by the end of spring.
- The Strategic Planning committee was addressing short term rentals and was reviewing the ordinances recently adopted by Vail.
- The owner survey revealed that 70% of respondents wanted an owner only pool and hot tub with a possible splash pool for kids.
- There was discussion of a shuttle bus from Arrowhead to Bravo! Concerts in the summer with AVA to cover any costs. The District requested more information before they could make a decision.

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- The Committee forms were posted on the website and two new committees had been formed, including a Committee of past HOA Presidents
- The hiking and snowshoe trail was included in the AVA budget. A response from Vail Resorts was expected with the week and Beaver Creek was being asked to participate.
- The tennis clubs at Beaver Creek, Bachelor Gulch and AVA would all have the same operator this year.

Posting

Resolution

Mr. Marchetti explained the meeting posting notices required by state statute for the Board and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Resolution Regarding Posting Notices for Meetings designating the 24-hour posting location as the Country Club of the Rockies.

Shuttle

Request

Mr. Hensel reviewed the request from the family of Ms. Kelley to use the Arrowhead shuttle buses on March 5, 2018, for transportation from Arrowhead to the memorial service due to limited parking at the service location. Mr. Hensel relayed that the shuttles would be available for use during the times requested by the family and that the cost to operate the shuttles was approximately \$650. After discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the use to of the Arrowhead buses for transportation to the Kelley memorial service with costs to be fully reimbursed to the District.

Minutes

The Board reviewed the minutes of the December 20, 2017 regular meeting and by motion duly made and seconded, it was unanimously

RESOLVED to approve the December 20, 2017 Regular Meeting minutes as presented.

Accounts

Payable

The Board reviewed the accounts payable list included in the packet and after discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list.

Financial

Statements

Director Matlon and Mr. Marchetti reviewed the financial statements included in the Board packet. The Board requested that Mr. Hensel complete a 5-year road

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resurface plan for review at the next meeting. Mr. Marchetti reviewed the projected Assessed Valuation for 2020 using the projected Residential Assessment Rate of 6.1%. The projections were showing a decrease of 5% in property tax revenue. Discussion continued around ways to offset the decrease including finding a new revenue stream or going to the voters for authorization of an automatic mill levy adjust to offset the residential assessment rate fluctuations.

Sales Book Mr. Matlon reviewed the Sales Book included in the packet. Mr. Coleman reported that there were not many sales to date however they were projecting to make budget for 2018. Director Shafer requested that the Sales Book be included in the Board packet once per quarter going forward.

Sales Tax The Board reviewed the list of items that would be subject to an Arrowhead sales tax. Discussion revolved around collection of a sales tax and the cost of monitoring short term rentals in the District. Director Shafer suggested that other Districts with a sales tax be contacted to determine the most effective way to approach the community.

Parking Director Matlon gave background on parking lot policies, enforcement of overnight parking, and the use of the parking lot as overflow parking. Discussion revolved around the possible abuse of the overnight parking policy and possible communications of prior persons of authority that may have mislead owners into thinking they could use the parking lot for extended overflow parking. Director Matlon requested that the parking policies be reviewed for further discussion at the next meeting.

Director Rosen reported that on several recent occasions the reserved handicapped spaces were being misused or abused. In one incident, the handicapped tag on a vehicle parked in the space had been expired for over two years. The Board requested increased enforcement for these spaces.

Road Safety Mr. Hensel reviewed the speed summary report from the Cresta Road speed sign reporting that 50% of the cars were slowing down in response to the sign. The Board requested that Mr. Coleman pass the report onto the safety committee for review.

Transportation Report The Board reviewed the Transportation report included in the packet noting that the rider numbers, except for the Intervillage shuttle, were significantly decreased from last season. Several reasons for the decreases were discussed including the poor early snow conditions.

Water Quality Report Mr. Hensel reviewed the Water Quality Analysis Report for the Arrowhead wetlands noting that there were no problems with the water quality.

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Operations

Update

Mr. Hensel reported that they were fully staffed and all equipment was in good shape with no major repairs anticipated. The Board noted that the sand grit in the culverts was very thick and requested that it be swept to avoid the culverts getting clogged. The Board also noted that the plows were cutting into grassy areas and being used on dry roads and asked Mr. Hensel to look into any possible damage from these actions.

UERWA

Mr. Dreyer reviewed the minutes of the Upper Eagle River Water Authority included in the Board packet. Mr. Dreyer discussed the implications of the weak snowpack to the District stating that the UERWA Board was waiting until the end of the season and final snowpack numbers were available to determine an action plan.

Action Log

The Board reviewed the current action log noting all but two items could be removed as completed.

Future

Meetings

The Board rescheduled the May meeting to May 30, 2018 to facilitate a smooth transition to the newly elected Directors and confirmed that the next meeting would be held March 28, 2018 starting at 3:30 p.m.

Executive

Session

By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 4:40 p.m. pursuant to C.R.S. §24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

The board adjourned from executive session at 4:55 p.m.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 28th day of February 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District March 28, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on March 28, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Dick Bourret (via phone)
- Bob Rosen
- Chris Matlon
- Bob Shafer
- Thomas Svoboda

Also in attendance were:

- Tom Howard, owner 84 Aspen Meadow Dr.
- Vincent Riggio, owner 103 Trailside Lane
- Jerry Hensel, Director of Resort Operations, Vail Resorts
- George Coleman, President of Arrowhead at Vail Association
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Geoff Dryer, Upper Eagle River Water & Sanitation District (via phone)

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by President Matlon on March 28, 2018, at 3:30 p.m. noting a quorum was present.

Consideration of Changes to the

Agenda Ms. Johnston verified an updated agenda had been distributed via email prior to the meeting with hardcopies distributed at the meeting.

AVA

George Coleman distributed a written summary Arrowhead at Vail Association Report and then gave a verbal report regarding activity at the Arrowhead at Vail Association:

- Beth Howard and others from Vail Resorts shared plans for the expansion of the Beaver Creek family area scheduled to be completed December 2020.
- The design guidelines update was still on schedule for an early summer completion.

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- The Colorado Department of Wildlife gave a wildlife presentation. Bear and mountain lion sightings are to be reported immediately to Arrowhead Public Safety.
- The Strategic Planning committee is getting engineering costs and estimates for a resident only pool.
- The newsletter will be sent out in May.
- The newly formed councils have or will be meeting to discuss issues.
- AVA is waiving fees for noxious and fruit bearing tree mitigation.
- Activities in Arrowhead are starting to ramp up. The trail construction was approved but they are still waiting to see if Bachelor Gulch will contribute financially.

Election Update

Ms. Johnston stated that the election had been cancelled and reviewed the Notice of Cancellation included in the board packet. Director Matlon and Mr. Marchetti discussed the timing and transition to the newly elected board and the agenda for the May meeting.

Pedestrian

Improvement Mr. Hensel reviewed the request from Mr. Walton to add pedestrian improvements such as a sidewalk, crosswalk and lighting to the area at the end of Windemere Circle. After reviewing the area in question and pedestrian access already in place, the Board instructed Mr. Hensel to highlight the current crosswalk with fresh white paint and to send communication to Mr. Watson advising them to use the existing walking path through the tennis courts and along the current sidewalks and crosswalks.

Minutes

The Board reviewed the minutes of the February 28, 2018 regular meeting and by motion duly made and seconded, it was unanimously

RESOLVED to approve the February 28, 2018 Regular Meeting minutes as presented.

Accounts Payable

The Board reviewed the accounts payable list included in the packet and after discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list.

Legal Articles

Mr. Marchetti expounded on the article included in the packet about the Gallagher Amendment, the relationship with TABOR, and both of their impacts on the District. Mr. Howard relayed the education process used by Colorado Mountain College. General discussion ensued on educating the residents and owners of the

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Gallagher Amendment and how best to address the pending effects of the forecasted Residential Assessment Rate decreases. The Board requested a five-year projection of potential sales tax revenue be prepared for the May meeting.

The Board reviewed the article on the new tax law and bond refunding noting that the type of refunding completed by the District in 2017 is now prohibited under the new tax law. All future refunding will have to wait until the bond call date.

Financial Statements

Director Matlon and Mr. Marchetti reviewed the financial statements included in the Board packet. Director Matlon noted that there has not been much activity so far for the year.

Parking

Directors Matlon and Shafer explained the current overnight parking policies for the skier parking lot. After discussion, the Board directed Mr. Hensel and Arrowhead Village security to allow owners in the village core with extra cars to park overnight in the parking lot and to be issued a hangtag similar to those issued to short term renters. The Board expressed that the privilege was only for automobiles, no RVs or alternate vehicles such as boats, and that the overnight cars should be encouraged to park in the employee parking spaces. Mr. Hensel cautioned that the overnight parking could get out of hand and that clear communication would be needed.

Cresta Road Lights

Director Shafer gave background on the lights at the entrance of homes on Cresta Road that were not part of an Association. Currently, there are 10 of 13 lights out causing a safety issue on Cresta Road. Mr. Hensel relayed that the homeowners with lights out had been notified to change their lights via letter sent on February 7, 2018. After discussion, the Board directed Mr. Hensel to send a final letter to any owners that had not changed their light notifying them that if the light was not changed by April 7, 2018, the light would be changed by the District and any costs billed back to the owner via the Arrowhead Village Association.

Road Safety

Mr. Hensel reported that the use of the snowplows on dry roads as discussed at the last meeting did not cause any visible damage to the roads.

Transportation Report

The Board reviewed the Transportation report included in the packet noting that the rider numbers, especially the Vail bus, were significantly decreased from last season.

Guardrail Estimate

Mr. Hensel reviewed the guardrail life and replacement estimate prepared by Alpine Engineering. Mr. Hensel explained that usually guardrails are replaced or

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repaired as needed due to wear or damage and that guardrails are not normally included in a replacement reserve study. Mr. Hensel said that the guardrails are normally stained every three years for a cost of approximately \$8000 with the next staining scheduled for 2019. The Board requested that if any sections need repaired or replaced, it should be done in conjunction with the staining in 2019.

Road Resurface

Plan Mr. Hensel presented the 10-year capital plan for Road Maintenance included in the Board packet noting that the \$487,914 in 2018 is actually for 2019. Mr. Riggio requested to review the road report completed in 2016. Discussion followed with the Board requesting a more thorough presentation to include the full map of all Arrowhead roads at the May meeting to bring the new board members up to speed.

UERWA The Board reviewed the Upper Eagle Regional Water Authority Board Resolution recommending that Geoff Dreyer continue as the Arrowhead representative on the UERWA Board of Directors. The Board agreed stating that the position would be reaffirmed after the new board was seated in May.

Mr. Dreyer reviewed the minutes of the Upper Eagle River Water Authority included in the Board packet discussing in detail the Gypsum Water Summit and the Stream Access lawsuit. Mr. Dreyer then discussed the Snowpack Update report that was distributed via email before the meeting and as hardcopy at the meeting. Mr. Dreyer reported that snowpack was approaching the 2nd lowest years on record but noted that if the temperatures stay colder, there may not be an issue.

Executive Session

By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 4:50 p.m. pursuant to C.R.S. §24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

The board adjourned from executive session at 5:05 p.m.

Action Log The Board reviewed the current action log.

Future Meetings

The Board confirmed the next meeting would be held April 25, 2018 starting at 3:30 p.m.

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Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 28th day of March 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District April 25, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on April 25, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Dick Bourret (via phone)
- Bob Rosen
- Bob Shafer (via phone)
- Thomas Svoboda

The following Director was absent and excused:

- Chris Matlon

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- George Coleman, President of Arrowhead at Vail Association
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:30 p.m.)
- Amy Schweig, Eagle River Water & Sanitation District
- Maureen Mulcahy, Eagle River Water & Sanitation District
- Dillon Drexler, Eagle River Water & Sanitation District

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on April 25, 2018, at 3:33 p.m. noting a quorum was present.

Consideration of Changes to the

Agenda There were no changes to the agenda.

Water Efficiency Plan

Presentation Ms. Mulcahy and Ms. Schweig presented the Draft Regional Water Efficiency Plan produced jointly by the Eagle River Water and Sanitation District (ERWSD) and the Upper Eagle Regional Water Authority (UERWA). The presentation

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provided an overview of the who the ERWSD and UERWA serves and the background for the Water Efficiency Plan. Ms. Mulcahy and Ms. Schweig reviewed water efficiency tools tailored to the Arrowhead community, including free irrigation system consultations for owners, and the Plan timeline, requesting comments and questions from the Board. Ms. Mulcahy stated that the final draft was anticipated to be released in July.

AVA

George Coleman distributed a written summary Arrowhead at Vail Association Report and then gave a verbal report regarding activity at the Arrowhead at Vail Association:

- The Design Guideline Update was on schedule for completion by early summer.
- The newsletter is ready for publication and will be sent out at the end of the week. They are waiting for an article from the District.
- The District is being represented by Bob Shafer and Tom Svoboda on the Intercommunity Council.
- The Strategic Planning Committee and the District have agreed on a site for the proposed AVA pool and the SPC thanks the District for their participation in the process.
- The Short Term Rental subcommittee will be meeting in 2 weeks.
- The events and activities for the summer have been scheduled.
- A proposal to run a bus from Arrowhead to Bravo this summer has been submitted for the District to review.

HB 18-1181

Update

Mr. Marchetti gave background on Colorado House Bill 18-1181 *Non-Resident Electors and Special Districts* and summarized the Bill stating that the provisions of the Bill are not mandatory but if a District would like to avail itself of the new provisions it will have to opt in. The Bill allows non-resident (out of state) owners to vote for Board members but it does not allow them to serve on the Board in a voting capacity or to vote on tax or debt increases. But the Bill does allow out of state owners to serve on the Board in a non-voting capacity. General discussion followed with Mr. Marchetti stating that the bill passed the House as written and the Senate with minor changes and was expected to be signed by the Governor.

Minutes

The Board reviewed the minutes of the March 28, 2018 regular meeting and by motion duly made and seconded, it was unanimously

RESOLVED to approve the March 28, 2018 Regular Meeting minutes with minor corrections for typographical errors as presented.

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Arrowhead Metropolitan District Board of Directors April 25, 2018 Meeting Minutes

Accounts

Payable

The Board reviewed the accounts payable list included in the packet and after discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list.

Financial

Statements

Director Shafer and Mr. Marchetti reviewed the financial statements included in the Board packet. Mr. Hensel noted that the District has been updating the bus fleet and the new busses were expected to last a few years longer than the current buses. Mr. Marchetti noted that proceeds from a sales tax approved by the voters in a November election could start collection in July of the following year. Director Shafer requested that the capital plan be prepared for review at the May meeting.

Sales Tax

Director Shafer reviewed the Arrowhead sales tax planning information included in the packet. Director Shafer asked the Board to provide additional ideas and let him know if they thought anything was missing. The Board asked Mr. Hensel to determine the total number of rental units, the average number of days rented per year and an average daily rate to update the sales tax projection estimate. Director Shafer requested a special meeting and sales tax planning work session be held on Wednesday June 13 starting at 2:00 p.m. Mr. Coleman said he would start educating the AVA Board on the need for a sales tax.

Road Safety

Mr. Hensel reviewed the speed report included in the packet stating that it showed the new speed signs were effective in getting people to slow down.

Transportation

Report

Mr. Hensel reviewed the Transportation report included in the packet stating that these are the final ridership numbers for the 2017-2018 winter season. Overall, shuttle rider numbers were slightly increased from last season except for the Vail bus which was significantly decreased from the previous season most likely due to the poor early season snow conditions. The Board discussed the Vail bus usage and agreed it was a good amenity for Arrowhead residents, despite the poor ridership numbers for the 2017-2018 season.

Operations

Report

Mr. Hensel reported that the proposals for the new bus had been received and it was determined to go with the same vendor as last year. The new maintenance truck was in production and expected to be delivered in the next couple months.

Mr. Hensel updated the Board on the Cresta Road light project reporting that all of the non-working light bulbs had been replaced but most were still not working.

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The next step is to determine if the poles are receiving electricity and determine why the lights are not coming on. Since the lights are owner responsibility, this work requires owner approval to access the light fixtures, poles, and electric panels. General discussion ensued and the Board directed Mr. Hensel to provide cost estimates for installing additional light poles on Cresta Road that would be owned and maintained by the District.

Mr. Hensel reported that there was an additional year of warranty on the Cresta Road paving project pushing the warranty period out to May 29, 2019. Mr. Hensel will be meeting with Alpine Engineering to review the condition of Upper Cresta Rd and determine the remaining life of the road and maintenance options. Mr. Hensel reported that the parking lot would be seal coated and striped prior to Memorial Day.

Mr. Hensel relayed to Mr. Watson the Board's decision on the request for an additional crosswalk and sidewalk as discussed at the March meeting. Mr. Watson responded that the tennis courts and path were not shoveled in the winter and that the path the Board recommended they use was not properly lit. The Board directed Mr. Hensel to review the area and determine if lighting needed to be added and additional snow removal was required for the path.

Mr. Hensel told the Board that a 10-year capital plan would be prepared for the May meeting.

UERWA Mr. Dreyer reviewed the minutes of the Upper Eagle River Water Authority included in the Board packet discussing in detail the Snowpack Condition and State Publication of Well Sites items.

Action Log The Board reviewed the current action log.

Future Meetings The Board confirmed the next meeting would be held May 30, 2018 starting at 3:30 p.m. Director Shafer requested a sales tax work session be scheduled for June 13 starting at 2:00 p.m.

Executive Session By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 5:00 p.m. pursuant to C.R.S. §24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

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The board adjourned from executive session at 5:08 p.m.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 25th day of April 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Arrowhead Metropolitan District May 30, 2018

A Special meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on May 30, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Chris Matlon
- Bob Rosen
- Bob Shafer
- Thomas Howard (via phone)
- Vincent Riggio

The following Director was absent and excused:

- Thomas Svoboda

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Catherine Bennett, Arrowhead at Vail Association
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:30 p.m.)

**Call To
Order**

The Special Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Matlon on May 30, 2018, at 3:30 p.m. noting a quorum was present.

**Consideration of
Changes to the**

Agenda There were no changes to the agenda.

Minutes The Board reviewed the minutes of the April 25, 2018, regular meeting and by motion duly made and seconded, it was unanimously

RESOLVED to approve the regular meeting minutes as presented.

**Board of
Directors**

Director Matlon, Chairman of the Arrowhead Metropolitan District Board of Directors, administered the oaths of office to Directors Rosen and Riggio.

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Election of Officers

After discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to elect the following officers:

Robert Shafer	President/Chairman
Robert Rosen	Vice President
Thomas Svoboda	Secretary
Vincent Riggio	Treasurer
Thomas Howard	Asst Secretary/Asst Treasurer

FURTHER RESOLVED to appoint Geoff Dreyer as the delegate and Director Robert Rosen as the alternate to the Upper Eagle Regional Water Authority.

Director Shafer and the Board formally thanked Directors Matlon and Bourret for all their work while serving on the Arrowhead Metropolitan Board over the past years. Director Matlon thanked the Board, Marchetti and Weaver, and Jerry Hensel before leaving the meeting.

AVA

Ms. Bennett reviewed the Arrowhead at Vail Association Report included in the packet, giving a verbal report regarding activity at the AVA:

- The Design Guidelines Update would be implemented at the July DRC meeting. Several challenges to implementation were discussed.
- The new gate security system was installed. Mr. Hensel reviewed the roll out communication efforts by Public Safety.
- The Strategic Planning Committee was moving forward with estimates for the proposed resident pool although there have been some residents opposed to the location. Director Shafer noted that an Arrowhead Metro Board representative should be include on the SPC.
- AVA will run a shuttle bus from Arrowhead for 6 Bravo events this summer. Final details and dates were still being negotiated with Vail Resorts.

Building Envelope

Amendment Ms. Johnston gave background on the Building Envelope Amendment received for 90 McCoy Springs Trail. After review and upon motion duly made and seconded, it was unanimously

RESOLVED to ratify the building envelope amendment for 90 McCoy Springs Trail.

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Accounts

Payable The Board reviewed the accounts payable list included in the packet. After discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list.

Ms. Johnston reviewed with the Board the need to update authorized signers on the bank and investment accounts. It was determined that Directors Shafer, Rosen, Svoboda, and Riggio be authorized signers on all accounts.

Financial Statements

Director Shafer and Mr. Marchetti reviewed the financial statements included in the Board packet. General discussion on road use, public access to Arrowhead roads, and bond repayment and refinancing was had.

2017 Audit Directors Shafer and Riggio requested to meet with Dan Cudahy of McMahan and Associates to review the 2017 audit and requested that Ms. Johnston set up the meeting.

Capital Road Plan

Mr. Hensel reviewed the Roads Capital Plan and map and road assessment reports noting a couple discrepancies between the map and the projection, which included the most accurate information. Mr. Hensel noted that the current 10-year plan had been completed by Marcin Engineering in 2016 and recommended the Board engage Alpine Engineering to complete a new 10-year road plan since they were the current engineers being used for the roads. General discussion ensued on project timing, combining projects, road surface options such as slurry seal, future fund reserves, and alternative revenue generation.

Operations Report

Mr. Hensel reported that the parking lot seal coat and striping was completed. Crack sealing on all roads was in progress and expected to be completed by Friday, June 1.

Mr. Hensel updated the Board on the Cresta Road light project reporting that the marker lights were not working because they had not been hooked up to electric service. General discussion on the issue and possible next steps was had and the Board directed Mr. Hensel to obtain an estimate on installing additional lights on Cresta Road. The Board also requested that an estimate be obtained for installing solar panels on the address markers to power the lights.

Director Rosen reported that bikes and cars were still speeding on Cresta Road despite the new speed sign. After discussion, the Board directed Mr. Hensel to

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move the speed sign higher on Cresta Road to the longer straight away section. The Board also requested increased enforcement by Public Safety in the area during peak travel times and discussed the possibility of installing speed bumps, requesting that Mr. Hensel obtain an estimate and possible installation locations for consideration.

Action Log The Board reviewed the current action log.

Future Meetings The Board confirmed a sales tax work session would be held June 13 starting at 2:00 p.m. as a continuation of the May 30 special meeting. The next regular meeting would be held on June 27.

UERWA Mr. Dreyer reviewed the minutes of the Upper Eagle River Water Authority included in the Board packet discussing in detail the Snowpack Condition and that they were not anticipating drought restrictions this season.

Executive Session By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 5:30 p.m. pursuant to C.R.S. §24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

The board adjourned from executive session at 6:00 p.m.

Continuation Upon motion duly made and seconded, it was unanimously

RESOLVED to continue the Special Meeting of Arrowhead Metropolitan District Board of Directors to June 13, 2018 at 2:00 p.m. at the offices of Marchetti & Weaver LLC.

Respectfully submitted,



Beth Johnston

Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Continued Special Meeting Of the Board of Directors Arrowhead Metropolitan District June 13, 2018

The continuation of the special meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on June 13, 2018, at 2:00 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Bob Rosen
- Thomas Svoboda
- Vincent Riggio
- Thomas Howard (via phone)

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary

Call To Order

The Continuation of Special Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on June 13, 2018, at 2:00 p.m. noting a quorum was present.

Consideration of Changes to the

Agenda There were no changes to the agenda.

Public Input There was no public input.

Sales Tax Work

Session Director Shafer distributed an updated Sales Tax Planning worksheet to the meeting participants reviewing each item on the worksheet. After discussion, the Board decided on a sales tax rate of 5.5% that would generate an estimated revenue of \$359,000. The Board then reviewed the sample ballot language included in the packet and decided to use language similar to that used by Red Sky Ranch Metropolitan District. The Board directed Ms. Johnston to update the ballot language and send to Counsel for review.

The Board then discussed possible opportunities and materials to educate Arrowhead owners and residents on the benefits and necessity for an Arrowhead sales tax. The Board is planning to request presenting a brief seminar at the July

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors June 13, 2018 Continued Meeting Minutes

and September AVA Town Hall meetings as well as prepare some educational information that can be distributed to residents and owners.

The Board reviewed the timeline of the election and implementation and collection of the sales tax, if it passes. Mr. Marchetti reviewed election specifics such as the appointment and duties of the Designated Election Official, the election resolution, and TABOR statements and notices. The Board then reviewed estimated costs associated with the election.

Action Log The Board reviewed the action log with no comments.

Future Meetings The Board confirmed the next regular meeting would be held on June 27 at 3:30 p.m. and requested a special meeting be scheduled for September 5, 2018.

Executive Session By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 3:15 p.m. pursuant to C.R.S. §24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

The board adjourned from executive session at 4:30 p.m.

Adjournment Upon motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Special Meeting of Arrowhead Metropolitan District Board of Directors this 13th day of June, 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District June 27, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on June 27, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Bob Rosen
- Thomas Svoboda
- Vincent Riggio
- Tom Howard (via phone)

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:35 p.m.)

**Call To
Order**

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on June 27, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

**Consideration of
Changes to the
Agenda**

Consideration of the Transportation Letter with Vail Resorts for Summer service was added to the agenda.

Public Input There was no public input.

Minutes The Board reviewed the minutes included in the Board packet and by motion duly made and seconded, it was unanimously

RESOLVED to approve the May 30, 2018 Special Meeting minutes as presented; and

FURTHER RESOLVED to approve the June 13, 2018 Continued Meeting minutes as presented.

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors June 27, 2018 Meeting Minutes

Encroachment

Agreement Mr. Hensel reported that he had met with the applicants for a site visit and suggested slight revisions which have been reflected in the final application included in the Board packet. General discussion followed and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Encroachment License Agreement for 84 Riverbend as submitted.

Accounts

Payable The Board reviewed the accounts payable list included in the packet requesting more information on the Vail Resorts Syncromatics invoice. Mr. Hensel explained this was the final payment for the Syncromatics application. After discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

Draft Ballot

Question The Board reviewed the sales tax ballot question language following review and recommendation by Mr. Collins. Ms. Johnston noted that both the red-lined and clean version were included in the packet so the Board could easily see what was removed or changed. General discussion followed and no additional changes were requested at this time.

Sales Tax

Presentation Director Shafer reported that he is preparing an informational packet for distribution to owners as well as for presentation at the Town Hall meeting on July 14. The Board discussed information to be included and presentation options including the pros and cons of implementing a sales tax in the District. The Board reviewed the tax calendar requesting updates and that the informational email to owners be sent prior to the July Town Hall meeting.

2017 Audit

Director Shafer reported that he and Director Riggio met with Dan Cudahy from McMahan and Associates, LLC, giving background and details of the meeting for the Board. Director Shafer relayed that Mr. Cudahy found the District to be in an excellent financial position. General discussion followed including discussion surrounding the Gallagher Amendment and its effect on the District. Mr. Marchetti noted that the effects of the Gallagher amendment could be included in the Management Discussion and Analysis for next year. Following discussion, and by motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors June 27, 2018 Meeting Minutes

RESOLVED to approve the 2017 Audit with a correction to the title of the 2017 bonds on the final page 39.

**Financial
Statements**

Mr. Marchetti reviewed the financial statements included in the Board packet. Mr. Hensel explained that the Parking Lot Sealcoat was normally budgeted for every other year but was completed in 2018, an off year, as directed by the Board. The Board requested that current interest rates be presented at the August meeting for replacement of the CD maturing in September. Mr. Marchetti reviewed the Assessed Valuation and Residential Assessment Rate projections explaining the Gallaher effect on the assessed valuation. Discussion continued on cost management for the District.

Sales Book

Mr. Marchetti reviewed the sales book included in the packet, explaining how it is prepared and how the information it provides is used. Overall, the sales book shows a projected 15% increase between the sales price and assessed value of a property time adjusted through June 30, 2018.

**Long Range
Plan**

Director Shafer reviewed the Long-Range Plan included in the packet noting the estimated potential sales tax collection maintains a consistent fund balance through 2032. General discussion on other revenue sources, controlling costs, and maintenance of the fund balance followed.

**Summer 2018
Transportation**

Agreement

Mr. Hensel reviewed the Transportation Services Agreement for Summer 2018 explaining that the services would ultimately be paid in full by Arrowhead at Vail Association. After review, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the Transportation Agreement for Summer 2018.

10-Year

Capital Plan

Mr. Hensel reviewed the estimate provided by Alpine Engineering to update the 10-year capital plan for the roads. Scope of services and what was included in the estimate were discussed. After discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Alpine Engineering Professional Services Agreement for AMD 10-year Capital Improvements Road Plan.

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors June 27, 2018 Meeting Minutes

Cresta Road

Safety

Director Shafer gave background and history of the issues presented and actions taken to address speed and safety concerns on Cresta Road. The Board reviewed and discussed the email exchange included in the Board packet and Mr. Hensel expounded on some of the requests and suggestions, such as bike lanes. Directors Rosen and Howard suggested installing speed bumps to control speeds since the signs did not seem to be working. Mr. Hensel estimated an asphalt speed bump would cost approximately \$2500 installed. Director Shafer requested that Director Riggio confer with other owners on Cresta Road and that the District needed to directly address the AVA Safety Committee to work through the issues.

Cresta Road

Lighting

Mr. Hensel distributed a map showing the unlit address markers and current lighting installed on upper Cresta Road. The map also indicated a proposed location for installation of a District owned street lamp which Mr. Hensel recommended. Mr. Hensel reported that solar panels to power the unlit address markers ranged from \$300-400 installed. After review and discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to approve installation of a street lamp at the location proposed on the distributed map with a total cost not to exceed \$6000; and

FURTHER RESOLVED to approve sending letters to the owners of the properties with unlit markers that they were required to hook up the markers to electric or otherwise provide power to the markers, including the solar powered option as indicated above.

Operations

Report

Mr. Hensel reported that the old bus was taken to auction and was expected to fetch around \$6000. The new truck and plow had been delivered and some signage for the truck was still in the works. There was not much to report as not much maintenance was being done by the District.

Action Log

The Board reviewed the current action log.

Future

Meetings

The Board confirmed the next meeting would be held July 25, 2018 starting at 3:30 p.m.

UERWA

Mr. Dreyer reviewed the May minutes of the Upper Eagle River Water Authority included in the Board packet discussing in detail the Green Award recognition, Snowpack and Streamflow updates, and Eagle River Village water upgrade.

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors June 27, 2018 Meeting Minutes

**Executive
Session**

By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 5:43 p.m. pursuant to C.R.S. §24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

The board adjourned from executive session at 5:49 p.m.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 27th day of June 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District July 25, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on July 25, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Bob Rosen
- Thomas Svoboda
- Vincent Riggio
- Tom Howard (via phone)

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- George Coleman, President Arrowhead at Vail Assoc (via phone)
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:45 p.m.)

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on July 25, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration of Changes to the

Agenda Consideration of Cresta Road Safety Plan was added to the agenda.

Public Input Ms. Johnston distributed a written report submitted by Mr. Coleman from the AVA Board July meeting and the Town Hall meeting held on July 14. Mr. Coleman reviewed both reports expounding on several items. The Board discussed several of the items, including the proposed sales tax and regulation of short term rentals, with Director Shafer reiterating that both issues needed to be presented as distinct, separate issues.

Minutes The Board reviewed the minutes included in the Board packet. Ms. Johnston noted that minor typographical corrections were submitted. After review, by motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors July 25, 2018 Meeting Minutes

RESOLVED to approve the June 27, 2018 Regular Meeting minutes with minor typographical corrections as discussed.

Accounts

Payable The Board reviewed the accounts payable list. After discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

Sales Tax

Presentation Ms. Johnston distributed a written summary of the July 14 Town Hall meeting presentation from Director Rosen. Director Rosen gave a verbal report on his presentation of the proposed sales tax at the Town Hall meeting held on July 14. Discussion continued on the issues raised by meeting attendees including the amount of the proposed tax, if the proposed tax was in line with the District's goals, and how the proposed tax would affect the mill levy rate for owners. Mr. Rosen's report also included requests he received for the District Board to consider a sunset clause on the sales tax as well as holding an additional vote for the proposed sales tax for non-eligible voters of Arrowhead.

De-Gallagherization

Election Mr. Marchetti reviewed the memo and ballot question provided by Mr. Collins regarding the District going to election in November with a de-Gallagherization question on the ballot. After review and consideration, the Board decided to concentrate on the proposed sales tax question and not include the de-Gallagherization question on the November 2018 ballot.

Financial

Statements Director Shafer and Mr. Marchetti reviewed the financial statements included in the Board packet. The Board requested more information on the tap fee for 2355 Cresta Rd for the next meeting.

Vail Resorts

Operations

Agreement

The Board reviewed the Vail Resorts sub-budget and Operations Agreement provided in the Board packet. Discussion on the top expenses and fiduciary responsibility of the Board ensued. After discussion, the Board directed Mr. Marchetti to obtain a proposal for a Special Purpose Audit of the Vail Resorts Operations Agreement for the three prior years (2015-2017) from McMahon and Associates. The Board requested a proposal for just the District and as well as in

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors July 25, 2018 Meeting Minutes

conjunction with an Arrowhead at Vail Association audit of the AVA-VR Operations Agreement of the same time period.

Insurance

Limits The Board reviewed the District's certificates of insurance and declaration page included in the Board packet. After discussion, the Board requested that the District's insurance agent be invited to a future meeting to review the policy in greater detail.

Cresta Road

Lighting Mr. Hensel reported a new street light has been installed on Cresta Road as directed however the letters to owners of unlit markers had not been sent. After discussion, the Board rescinded their direction to send letters to owners with unlit markers since the lighting issue on Cresta Road has been solved.

Operations Report

Mr. Hensel reported that there is a sinkhole forming near the storm drain between the entrances of the skier parking lot. Alpine Engineering has been engaged to determine the cause and recommended repair for the damage.

Cresta Road Safety Plan

Ms. Johnston distributed the Cresta Road Safety Plan prepared by Cindy Engles to meeting participants. Director Shafer reviewed the background of safety issues of having bikes, pedestrians, and cars interacting on Cresta Road. Director Shafer presented Ms. Engles' Safety Plan which calls for traffic lane ascending and descending directional markers for bikes and signage for pedestrians to use a single lane on the west side of Cresta road which is the right side ascending, going with the flow of traffic, and the left side descending against the flow of traffic for both uphill and downhill travel. The Board discussed the Plan and several questions and ideas were posed. The Board directed Ms. Johnston to obtain an opinion from District counsel Jim Collins to determine if it was legal in Colorado to direct pedestrians to travel with traffic, as the Plan suggests if pedestrians were to use only one lane instead of traveling in the opposite direction of vehicle travel. The Board also requested Mr. Collins be consulted to determine if bike and pedestrian access to Cresta Road could be restricted in a similar manner as the gates that restrict vehicle access. Director Rosen suggested looking into an off-road trail next to Cresta Road as an option for pedestrians. The Board discussed language for the signs and appointed a committee consisting of Directors Shafer and Riggio and Mr. Hensel to determine and approve any final signage language. After further discussion, and upon motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors July 25, 2018 Meeting Minutes

RESOLVED to approve the purchase and installation of bicycle directional pavement markers and pedestrian signage, with language to be determined by committee, in an amount not to exceed \$2500, to be installed at selected locations on Cresta Road.

Action Log The Board reviewed the current action log noting most items were completed and could be removed.

Future Meetings The Board confirmed the next meeting would be held August 22, 2018 starting at 3:30 p.m.

UERWA Mr. Dreyer reviewed the May minutes of the Upper Eagle River Water Authority included in the Board packet noting that the Water Efficiency Plan was in its public comment period until July 31, 2018. Mr. Hensel noted that the water tank project may be postponed if water levels reached critical lows by the project start date.

Executive Session By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 5:15 p.m. pursuant to C.R.S. §24-6-402(4)(e), for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

The board adjourned from executive session at 5:33 p.m.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 25th day of July 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District August 22, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on August 22, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Bob Rosen
- Thomas Svoboda
- Vincent Riggio
- Tom Howard (via telephone)

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts (via telephone)
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:30 p.m.)
- Vicki Sullivan, Account Executive, T. Charles Wilson Insurance Service (left 3:45 p.m.)

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on August 22, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration

Of Agenda There were no changes to the agenda.

Review of Insurance

Ms. Sullivan reviewed the insurance policies, limits, and deductibles for the District explaining the different coverages and giving examples of possible claims. General discussion of the policy followed with the Board asking questions and Ms. Sullivan responding. Ms. Sullivan stated that the District has only made one auto damage claim to date and explained the reason for the significant increase to the Director Only workers compensation premium.

Minutes

The Board reviewed the minutes included in the Board packet and after review, by motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors August 22, 2018 Meeting Minutes

RESOLVED to approve the July 25, 2018 Regular Meeting minutes as presented.

Accounts Payable

The Board reviewed the accounts payable list and, by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

Election Update

Director Shafer reviewed the background of the potential sales tax to date and feedback and comments that have been received from owners and residents. The Board then reviewed the Mill Levy vs. Sales Tax Impact Scenarios included in the packet and agreed that this information should be distributed to the owners. Mr. Marchetti suggested that the next informational letter being prepared for distribution to owners prior to the next Town Hall meeting address the questions raised by owners and residents. General discussion followed on how to incorporate the owner questions and feedback and the length and content of the letter. Directors Shafer and Rosen agreed to revise the letter. Ms. Johnston advised that the deadline to send the letter to AVA for distribution prior to the Town Hall meeting on September 2 was Tuesday, August 28. Directors Shafer, Riggio, and Howard said they would attend the Town Hall meeting for the District. The Board then reviewed potential opposition to the sales tax and addressed the feedback by asserting that the intention of the potential sales tax was to make up for projected shortfalls in future property tax revenue caused by the decreasing Residential Assessment Rate, to capture revenue from non-owner use of the Districts roads and facilities, and, if more sales tax was raised than needed, the mill levy rate would be adjusted accordingly and lowered to maintain adequate revenues.

Financial Statements

Director Shafer and Mr. Marchetti reviewed the financial statements included in the Board packet. Ms. Johnston reported that research on the tap fee was sent to the Board earlier in August and there were no further questions. Mr. Marchetti reviewed the current fund balance and 2018 forecasted fund balance noting that most of the revenues have been collected but debt service and other payments are not paid out until the end of the year. Discussion continued on vacant versus residential property and its effect on assessed valuation and property tax collection, mill levy and District tax collection history, and future projections and how the proposed sales tax could mitigate losses of property tax collections incurred in a future recession.

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors August 22, 2018 Meeting Minutes

Special Audit Engagement

Letter The Board reviewed the engagement letter from McMahan and Associates LLC for the special audit of the Vail Resorts Operations and Transportation Agreements. After discussion and, by motion duly made and seconded, it was unanimously

RESOLVED to approve the Engagement Letter as presented.

CD Rates Ms. Johnston reviewed the 5-year term CD rates included in the packet. During discussion, Mr. Marchetti researched 3-year term rates and found they were very close to the 5-year rates. After discussion, the Board directed Ms. Johnston to purchase a 3-year CD with funds from the CD maturing on September 10, 2018.

2019 Budget Director Shafer stated that the Board would like to use a \$0 based budget process for the 2019 budget to find efficiencies and increase savings. Mr. Marchetti suggested that he, Mr. Hensel, and Ms. Johnston would work together to prepare a proposed budget and present the budget at the September or October meeting. The Board expressed an interest in forming a committee to participate in the budget process.

Road Capital Plan

Mr. Hensel presented the 10-year capital road plan update completed by Alpine Engineering and included in the board packet. There was general discussion on the roads included, current condition, dates for repair, and estimates provided. Ms. Johnston confirmed that the long-range capital plan had been updated according to the updated road plan. Director Shafer reported that residents were complaining about the condition of the McCoy Creek Drive and questioned the 2023 replacement date. Mr. Hensel explained that the road had been slurry sealed in 2012 and is in decent shape but agreed that the entrance was unsightly. The Board directed Mr. Hensel to survey the area and prepare some recommendations to return it to community standards.

Cresta Road Safety Plan

Mr. Hensel reported that the Cresta Road pavement markers had been installed. Ms. Johnston distributed the sign proofs and Mr. Hensel stated that he was waiting for the Board to provide feedback. After discussion, the Board requested Mr. Hensel get a proof with reduced logo size and larger print then resend for review. Director Shafer agreed to work with Mr. Hensel on finalizing the signs and road markers.

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors August 22, 2018 Meeting Minutes

The Board reviewed the memo from Jim Collins on questions posed during the Cresta Road safety plan discussion at the July meeting. Following discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED that pedestrians be directed to use a single lane on the west side of Cresta road which is the right side ascending, going with the flow of traffic, and the left side descending against the flow of traffic for both uphill and downhill travel to increase pedestrian safety by reducing the potential for collisions with bicycle and other vehicular traffic using Cresta Road.

Operations Report

Mr. Hensel reported that the sinkhole between the entrances of the skier parking lot was determined to be caused by a void under the asphalt and not caused by a water leak. The sinkhole was repaired at minimal cost.

Mr. Hensel reported that Paul Gorbald with Vail Resorts would like to attend the next regular meeting to discuss a new GPS bus application and review the 2018-2019 transportation agreement. Mr. Gorbald also proposed a deep clean of the bus upholstery before the start of the season at a cost of \$2000. After discussion, the Board decided not to have the cleaning done since they were not aware of any complaints about the buses that warranted the service.

Action Log The Board reviewed the current action log.

Future Meetings

The Board confirmed a special meeting would be held September 5, 2018 starting at 3:30 p.m. and the next regular meeting would be held September 26, 2018 starting at 3:30 p.m. and should be noticed for the 2019 budget hearing.

UERWA

Mr. Dreyer reviewed the June minutes of the Upper Eagle River Water Authority included in the Board packet discussing the Dry-Year Management Plan and noting that, although there were no restrictions yet, the Authority was requesting voluntary cutbacks from its members.

Mr. Dreyer continued with an explanation of what the Authority was, its formation, and current operating practices. Mr. Dreyer then reviewed the 2017 Audited Financial Statements going over the Authority's net position, reasons for the changes, and the impacts to the District. Mr. Dreyer requested that a review of additional reports on the District's water rights and allocation within the Authority be added to the agenda of the next regular meeting.

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors August 22, 2018 Meeting Minutes

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 22nd day of August 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Arrowhead Metropolitan District September 5, 2018

A special meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on September 5, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Bob Rosen
- Thomas Svoboda
- Vincent Riggio (via telephone)
- Tom Howard

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary

Call To Order

The Special Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on September 5, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration

Of Agenda Mr. Marchetti requested to add a roadcut application and Director Shafer requested to add discussion on the 2019 budget process.

Public Input There was no public input.

Roadcut

Application Mr. Marchetti reported that the District received a roadcut application for 20 Gleneagles Court. Ms. Johnston reported that Jerry Hensel had reviewed the application and location and approved the application. Mr. Marchetti stated that a refundable deposit would be collected and Alpine Engineering would review the road cut and patch to ensure it was completed properly.

Election

Resolution The Board reviewed the Resolution included in the Board packet, and after discussion, and by motion duly made and seconded, it was unanimously

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors September 5, 2018 Meeting Minutes

RESOLVED to approve the Resolution Calling for a November 6, 2018 Special Election as presented.

Election

Ballot The Board reviewed the draft sample ballot included in the board packet and had no changes.

Election

Timeline Mr. Marchetti reviewed the election calendar reviewing key dates throughout the next few months.

2019 Budget

Process The Board discussed the 2019 budget process requesting that at least one Board member be involved in the 2019 budget planning meetings. Ms. Johnston reported that a budget planning meeting was scheduled for 9:00 am on Wednesday September 19. The Board requested that Directors Howard and Riggio be included and that the meeting be rescheduled for 1:00 or later in the afternoon.

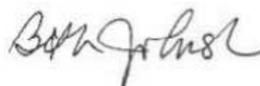
Future

Meetings The Board confirmed the next regular meeting would be held September 26, 2018 starting at 3:30 p.m. and should be noticed for the 2019 budget hearing.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Special Meeting of the Arrowhead Metropolitan District Board of Directors this 5th day of September 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District September 26, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on September 26, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Bob Rosen
- Thomas Svoboda
- Vincent Riggio
- Tom Howard (via telephone)

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:30 p.m.)
- George Coleman, President of Arrowhead Vail Association (via telephone)
- Paul Gorbald, Sr. Manager Guest Transportation, Vail Resorts

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on September 26, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration

Of Agenda Director Shafer added an update of the Intercommunity Council meeting.

GPS Application & Transportation

For 2018/19 Mr. Gorbald reviewed the background and community need for transportation services for Arrowhead residents and guests, explaining the different computer aps available. Mr. Gorbald relayed that they are implementing a new computer ap in Beaver Creek and Bachelor Gulch called Village Connect for their transportation system and they anticipate also implementing it in Arrowhead. The ap will provide enhancements of the service and to the guest experience including real time guest feedback. Mr. Gorbald reported that the service has

RECORD OF PROCEEDINGS

Arrowhead Metropolitan District Board of Directors September 26, 2018 Meeting Minutes

received positive reviews in Beaver Creek and Bachelor Gulch and he reviewed the communication campaign to implement the service in Arrowhead for the coming season. General discussion continued with the Board asking several questions about the service and how it will be implemented. Mr. Gorbold explained that the cost of Village Connect was built into VR's hourly fee for the 2018-2019 transportation agreement.

Mr. Gorbold then reviewed the proposed 2018-2019 transportation service agreement. The Board requested a detailed breakdown of what made up the hourly fee to be presented at the next meeting. Mr. Gorbold explained that the estimates for transportation services were based on prior years and that the District only paid for actual service received with staff being shared between Beaver Creek, Bachelor Gulch, and Arrowhead. General discussion continued on staffing levels, poor snow years, and reductions to service. Ms. Johnston explained the ADA shuttle payment and that it would be remitted to Beaver Creek Metro District per the cost sharing agreement.

AVA Update Ms. Johnston confirmed distribution via email of the Arrowhead at Vail Association Report and also distributed a hardcopy of the report to meeting participants. Mr. Coleman reviewed highlights of the report including the revised design review guidelines, short term rental regulations, and the annual meeting date.

Minutes The Board reviewed the minutes included in the Board packet and after review, by motion duly made and seconded, it was unanimously

RESOLVED to approve the August 22, 2018 Regular Meeting minutes as presented; and

FURTHER RESOLVED to approve the September 5, 2018, Special Meeting minutes as presented.

Vail Pass Auxiliary

Lane Project Mr. Marchetti and Director Shafer reviewed the project and the draft letter of support provided in the Board packet from the Upper Eagle Regional Water Authority. After review, the Board agreed to sign the letter of support and return to Colorado Department of Transportation as recommended by UERWA.

Road Cut Policy

Ms. Johnston reviewed the road cut policy, letter, and permit application included in the Board packet. The Board continued discussion on whether the fees and deposit were sufficient to cover the District's costs. The Board also

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Arrowhead Metropolitan District Board of Directors September 26, 2018 Meeting Minutes

requested that Alpine Engineering be asked to backstop the warranty estimate for the 20 Gleneagles Court road cut. After discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Road Cut permit fee and policy with the following changes:

The non-refundable permit fee be increased to \$300

The refundable deposit be based on the road cut size on a per square foot cost to be determined by Alpine Engineering instead of a fixed amount.

Intercommunity Council meeting

Update

Director Shafer reviewed the background and composition of the Intercommunity Council explaining that the Council's main focus was how to brand Arrowhead in a way to attract younger people to Arrowhead. After interviewing marketing groups, the Council hired J-Squared out of Denver to create and implement a 12-month marketing campaign starting in 2019 and estimated to cost approximately \$60,000. The Council is interested in cost sharing the marketing campaign and is requesting the District participate financially in the campaign. The Board discussed the benefits of participating in the program including District sponsored transportation services and potential for economic growth from increased property tax and sales tax (if the sales tax passes). After discussion, the Board directed a new line item be added to the 2019 budget titled *Economic Development* to be budgeted at \$20,000.

Accounts Payable

Ms. Johnston confirmed distribution via email of an updated Accounts Payable List and also distributed a hardcopy of the report to meeting participants. Ms Johnston explained that the added payable for Gran Farnum Printing was required because payment was due prior to the ballots being mailed on October 15th. Director Howard inquired on the ponds maintenance and berm tree maintenance payments. Mr. Marchetti and Mr. Hensel reviewed the background and acquisition of the Riverdance ponds and the berm maintenance in conjunction with Country Club of the Rockies. Discussion continued on whether or not these items were within the District's scope of services. Following discussion and by motion duly made and seconded, it was unanimously

RESOLVED to approve the revised accounts payable list.

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Election

Update

Ms. Johnston reviewed the election calendar included in the Board packet, noting that the ballot packages were printed and set to mail out on October 15, the TABOR notice was prepared, and notices of the election were posted and would be published as required.

Financial

Statements

Mr. Marchetti reviewed the financial statements included in the packet. Discussion revolved around the pooled cash accounts and 2018 and 2019 ending fund balances.

2019 Budget

Mr. Marchetti reviewed the 2019 budget work session held on September 19 stating that the process started with a \$0 based budget approach as requested with most line items being reviewed in detail by Directors Howard and Riggio. Mr. Marchetti advised that the October meeting be published for the 2019 budget hearing by the Board and the budget is open for community input.

2018 Audit

Director Shafer reviewed the engagement letter submitted by McMahan and Associates for completion of the 2018 Audit. Director Shafer noted a small increase over last year's fee but said they did a good job on previous audits. By motion duly made and seconded, it was unanimously

RESOLVED to approve McMahan and Associates to complete the 2018 audit as outlined in the engagement letter.

Operations

Report

Mr. Hensel reported that the Cresta Road pavement markers and signage has been installed in accordance with the requested safety plan.

Mr. Hensel reported that he had reviewed the McCoy Creek Road entry with Alpine Engineering resulting in two options. The first option is to sealcoat with a slurry seal resulting in a nicer looking finish but that will not increase the life of the road. The second option is to complete a 1 ½" mil and overlay which would increase the life of the area by five or more years. The Board discussed both

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options as well as the need to fix two dips in the road that were also failing. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED to approve a 1 ½” mil and overlay of the entry and two patches in 2018 with a cost not to exceed \$15,000.

Public Safety Staff

Performance Mr. Hensel reported on his meeting with public safety managers to review complaints from the communities, including Arrowhead, and found that the main issue seemed to be lack of follow up once a complaint is made. Mr. Hensel stated that new procedures were being established to follow up with the complainant after a complaint is investigated. Discussion continued on the general apathy and disrespectful attitudes exhibited by staff as they act like police instead of ambassadors for the community. Mr. Hensel said he would address this issue with managers and determine appropriate training for interpersonal interactions between staff and the community.

Action Log The Board reviewed the current action log.

Future Meetings

The Board confirmed the next regular meeting would be October 24, 2018 starting at 3:30 p.m. and the meeting should be noticed for the 2019 budget hearing.

Director Rosen announced that his home in Arrowhead was under contract for sale and he will be ineligible to serve on the Board after he sells his home and transfers his voter registration from Arrowhead. Director Rosen expressed his thanks to his fellow board members. Director Shafer thanked Director Rosen for his service on the Board.

UERWA Mr. Dreyer reviewed the August minutes of the Upper Eagle River Water Authority included in the Board packet, discussing the water efficiency plan, water supply response plan, drought update, Eagle River Valley Mobile Home Park update and the Black Lakes Augmentation Plan. Mr. Hensel noted that the District received a letter of thanks for their reduced water usage. Mr. Dreyer requested that a review of the District’s water rights and allocation within the Authority be discussed at the next meeting.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

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RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 26th day of September 2018.

Respectfully submitted,



Beth Johnston

Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District October 24, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on October 24, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Thomas Svoboda
- Vincent Riggio
- Tom Howard (via telephone)

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- Geoff Dryer, Upper Eagle River Water & Sanitation District (arrived 4:45 p.m.)
- George Coleman, President of Arrowhead Vail Association
- Bill Roe, owner 107 Windermere Cir (via telephone)
- Terry Scanlon, owner 135 Windermere Dr (arrived 3:45 pm)
- Paul Gorbald, Sr. Manager Guest Transportation, Vail Resorts

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on October 24, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration

Of Agenda There were no changes to the agenda.

Public Input Director Shafer introduced Mr. Roe as a potential Board member to fill the seat vacated by Director Rosen's resignation.

Arrowhead at

Vail Update Ms. Johnston verified that the Arrowhead at Vail Association Report provided by Mr. Coleman had been distributed to Board members via email and hard copy at the meeting. Mr. Coleman briefly reviewed the report and asked if there were any questions. General discussion of a possible increase to the RETA was had

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Arrowhead Metropolitan District Board of Directors October 24, 2018 Meeting Minutes

with Mr. Coleman stating the AVA Board was just beginning to discuss the change. Director Shafer gave background on the Inter-Community Council meeting and encouraged the Board to review the update provided by Mr. Coleman since the District was including funds in 2019 budget.

Minutes The Board reviewed the minutes included in the Board packet and, after review, by motion duly made and seconded, it was unanimously

RESOLVED to approve the September 26, 2018 Regular Meeting minutes as presented.

Transportation Rate

Breakdown Directors Shafer and Howard reviewed the background of the request for a detailed breakdown of the transportation hourly rate used for the seasonal Vail Resorts Transportation agreements. Mr. Gorbald reviewed the Memo included in the Board packet explaining the per hour breakdown and that the detailed services were included in Exhibit A of the Transportation Agreement. There was general discussion of the charges that feed into the rate and how Vail Resorts reached its final per hour rate for the Agreements.

Transportation Agreements

For 2018/19 Mr. Gorbald opened the discussion on the proposed Arrowhead shuttle 2018-2019 transportation service agreement noting that there were estimates for both an 8:00 a.m. start and a 7:30 a.m. start. The Board discussed the agreements, reviewing the service dates and benefits of the earlier bus start time. There was also discussion on running the shuttle until 11:30 p.m. on weekend evenings or partnering with another evening shuttle service, with Mr. Hensel noting that he had already approached Arrowhead Property Management and was waiting to hear back. Following discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Arrowhead Shuttle 2018/2019 Transportation Agreement with a shuttle start time of 7:30 a.m.

Director Shafer opened discussion on the Beaver Creek Shuttle and Mr. Gorbald reviewed the detail of the Intervillage Transportation Agreement. Following discussion of service dates, and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2018/2019 Intervillage Transportation System Agreement.

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Accounts

Payable

The Board reviewed the Accounts Payable list included in the Board packet and, following discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the accounts payable list as presented.

Election

Update

Director Shafer gave background on the special sales tax election and Ms. Johnston reviewed the election calendar noting that ballots had been mailed on October 15. Mr. Marchetti distributed a letter received from the State of Colorado announcing significant changes to how the state would collect sales tax effective December 1, 2018. Mr. Scanlon opened discussion on the District's communication with residents and owners on what items Arrowhead sales tax would be applicable, if the ballot measure passed. General discussion followed on the newly adopted sales tax collection rules and the District's communications about the Arrowhead sales tax. The Board requested a legal opinion given the new information and its effects on the Arrowhead sales tax, if the measure passed.

Sales Book & Financial

Statements

The Board reviewed the sales book included in the packet. Mr. Marchetti reviewed the financial statements included in the packet. Discussion was had on overall increases to expenses and refinancing the remaining bonds.

2019 Budget

Mr. Marchetti stated the meeting had been published as the public hearing to adopt the 2019 Budget. Mr. Marchetti reviewed the proposed 2019 budget for the District. The Board requested that the sales tax revenue for 2019 be removed and the transportation amounts be adjusted following the discussions earlier in the meeting. There being no further input, the budget hearing was closed. Upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Resolutions to Adopt the 2019 Budget as presented with removal of the sales tax revenue, adjustments to the transportation lines, and to other minor adjustments that may occur; and

FURTHER RESOLVED to approve the Resolution to Set the Mill Levy at 18.50 with 10.074 mills for operations and 8.426 mills for debt service; and

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Arrowhead Metropolitan District Board of Directors October 24, 2018 Meeting Minutes

FURTHER RESOLVED to approve the Resolution to Appropriate Sums of Money for spending in 2019.

UERWA Mr. Dreyer reviewed the September minutes of the Upper Eagle River Water Authority included in the Board packet. Mr. Dreyer announced a joint informational meeting open to the public to address the comprehensive overview of the western, southern, and Mexico water basins and to discuss future water issues, encouraging someone from the District to attend.

Operations Report

Mr. Hensel reported that the mill and overlay of the McCoy entry and seams was completed to satisfaction and came in under budget.

Mr. Hensel informed the Board about a new incident log report to be completed by security staff to increase accountability and follow up on complaints. The report would be included with the monthly AVA reports. Mr. Hensel also reported that staff was receiving training to improve the service level within the community.

Action Log The Board reviewed the current action log, noting most items were closed.

Future Meetings

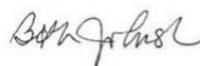
The Board confirmed the next regular meeting would be November 28, 2018 starting at 3:30 p.m. The Board reviewed the 2019 proposed meeting calendar and requested that the October meeting be moved to the fifth Wednesday of the month. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the 2019 meeting calendar as presented with the October 23 meeting moved to October 30, 2019.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 24th day of October 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting

RECORD OF PROCEEDINGS

Minutes of the Special Meeting Of the Board of Directors Arrowhead Metropolitan District October 30, 2018

A special meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on October 30, 2018, at 9:30 a.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer (via telephone)
- Thomas Svoboda (via telephone)
- Tom Howard (via telephone)

The following Director was absent and excused

- Vincent Riggio

Also in attendance were:

- Ken Marchetti, Marchetti & Weaver, LLC
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- David Greher, Collins, Cockerel, & Cole

Call To Order

The Special Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on October 30, 2018, at 9:30 a.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration

Of Agenda There were no changes to the agenda.

Executive Session

By motion duly made and seconded it was unanimously

RESOLVED to enter into executive session at 9:35 a.m. pursuant to C.R.S. §24-6-402(4)(b), Conferences with an attorney for the public entity for purposes of receiving legal advice on specific legal questions related to the November 6, 2018, special election, discuss changes to the Colorado sales tax rules and regulations, and their impact on the Arrowhead sales tax special election.

The board adjourned from executive session at 9:58 a.m.

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Election Update

Following discussion, and upon motion duly made and seconded, it was unanimously

RESOLVED to cancel the November 6, 2018 election to consider imposing a sales tax in Arrowhead due to Colorado Department of Revenue's adoption of new sales tax collection rules which will become effective on December 1, 2018 and considering that voters will be casting their ballots based on out of date rules and that they may vote differently based on the new rules.

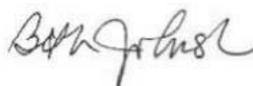
The Board requested that Director Shafer prepare a communication to be sent to all Arrowhead owners and residents notifying them of the cancellation. A copy of the letter is incorporated as part of these minutes.

The Board requested that funds be added to the 2019 budget for a special election in November 2019 to consider imposing a sales tax in the District.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Special Meeting of the Arrowhead Metropolitan District Board of Directors this 30th day of October 2018.

Respectfully submitted,



Beth Johnston

Secretary for the Meeting

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Arrowhead Metro District Sales Tax Election Cancellation Letter sent via email from AVA on November 1, 2018:

To the Owners and Residents of Arrowhead,

On behalf of the Arrowhead Metro District Board of Directors, I am writing to let you know that the Board has voted unanimously to cancel the November 6 election asking for authority to adopt a local sales tax of up to 5.5%.

The Arrowhead sales tax would have been collected on all sales subject to Colorado sales tax. Just last week, the Board learned that the Colorado Department of Revenue announced last month that it would be changing its sales tax collection policies effective December 1, 2018. When the Board learned of the new policies, it realized that some information the Board had provided to constituents about the November election was incorrect.

Specifically, effective December 1, we believe that retailers selling goods will be required to collect State sales taxes (and probably local sales taxes, such as the proposed Arrowhead sales tax) based on the point of delivery. Previously, as the Board presented, retailers (particularly internet sellers) were generally not required to collect State and local taxes at the point of delivery. The effect of the State's policy change is to require retailers to collect sales taxes, including local sales taxes, on a much broader number of sales transactions.

While the Board Members all still firmly believe that the adoption of a local sales tax within Arrowhead is a major benefit to the residents and community, especially considering the negative impact of the Gallagher Amendment, and that our plan was to lower your real estate mill levy rate, the Board unanimously decided it could not proceed with the November election when the Board itself had inadvertently communicated outdated information about how the proposed sales tax would work.

Therefore, no Arrowhead ballots will be opened or counted. Ballots received are required by State law to be held for 25 months; these will remain with our accounting firm and will then be destroyed. The Board plans to present another proposal to the residents at the next available election date, which is November 5, 2019.

If you have any questions, please contact me or any other member of the Board.

Best regards,

Bob Shafer
President, Arrowhead Metro District Board

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Minutes of the Regular Meeting Of the Board of Directors Arrowhead Metropolitan District November 28, 2018

A regular meeting of the Board of Directors of the Arrowhead Metropolitan District, Eagle County, Colorado, was held on November 28, 2018, at 3:30 p.m., at the offices of Marchetti & Weaver, LLC, 28 Second Street, Suite 213, Edwards, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Bob Shafer
- Thomas Svoboda
- Vincent Riggio
- Tom Howard

Also in attendance were:

- Jerry Hensel, Director of Resort Operations, Vail Resorts
- Ken Marchetti, Marchetti & Weaver, LLC (left at 4:30 pm)
- Beth Johnston, Marchetti & Weaver, LLC, recording secretary
- George Coleman, President of Arrowhead Vail Association
- Bill Roe, owner 107 Windermere Cir (via telephone)
- Dan Cudahy, McMahan and Associates, LLC (left at 3:45 pm)

Call To Order

The Regular Meeting of the Board of Directors of Arrowhead Metropolitan District was called to order by Director Shafer on November 28, 2018, at 3:30 p.m. noting a quorum was present. No conflicts of interest were disclosed.

Consideration

Of Agenda Ms. Johnston confirmed that an updated agenda was emailed and distributed to meeting participants.

Public Input There was no public input.

Agreed Upon Procedures

Audit Report Director Shafer introduced Mr. Cudahy with McMahan and Associates and gave background of the special audit of Vail Resorts operations and transportation invoices and why it was requested. Mr. Cudahy reviewed the procedures used for the special audit and explained the results that were found. Mr. Cudahy reported that overall the results were reasonable with two exceptions which he explained in detail. Mr. Cudahy explained that one exception appeared to be an isolated incident where the maintenance facility rent was overcharged by \$110

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for one month. The maintenance facility rent charges for all other months were the correct amount. The second exception involved a vehicle lease amount of \$104 per month that is being charged without complete documentation regarding the source of the amount and Mr. Cudahy suggested that it should be addressed. Mr. Hensel explained that the amount in question was for his vehicle's lease and affected several other entities so documentation and justification would be provided by the next District meeting. General discussion followed and the Board decided the results were sufficient and that another audit would be done in the future.

Election

Discussion

Director Shafer reviewed the details from the October 30, 2018, special meeting, the reasons behind the Board's decision to cancel the election and his frustration with not having the information sooner. Mr. Marchetti explained that the Supreme Court decision was made in June in another state (Wyoming) and Colorado did not announce any changes to sales tax collection until the end of September with communication being sent out in mid-October. Discussion continued on District counsel's role in informing the District of changes with Mr. Marchetti offering that Mr. Collins' firm was proactive in disseminating applicable information to the District. The Board requested that better, more timely communication be a priority in the future.

Director Shafer reviewed background of the reason for the sales tax election and inquired if the District would be better served by assessing a Lodging tax instead of a sales tax. Mr. Marchetti explained that per State Statute, special districts do not have authorization to levy a lodging tax but they are authorized to levy a sales tax on all items (but not only on selected items) as defined as taxable by the State.

Economic

Development

Update

Ms. Johnson confirmed that the Statement of Work (SOW), Master Services Agreement, and presentation for the economic development discussion was distributed via email to all meeting participants prior to the meeting. Director Shafer reviewed the master agreement, SOW and presentation, going over the amounts as detailed in the SOW. The Agreement will be made between AVA and the contractor and a separate letter agreement between the AVA and District will be prepared with the Districting pledging up to \$20,000 in support.

Legal Expenses

Reconciliation Ms. Johnston explained that Director Shafer had requested a reconciliation of the legal expenses related to the special election. Ms. Johnston distributed the reconciliation to meeting participants. General discussion was had with the

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Board asking about election expenses in 2019 if they decided to do another sales tax election. Ms. Johnston explained that most of the election documents were completed and could potentially be used saving some costs as long as the election laws did not change. Director Shafer reported that Mr. Collins has waived all of his firm's charges for the month of November in light of the election cancellation.

Financial Statements

Ms. Johnston and Director Shafer reviewed the financial statements included in the packet. Ms. Johnston reported that the 2019 budget had been updated with the requested changes to transportation and sales tax and answered questions on the investment CDs and pooled cash accounts.

Minutes

The Board reviewed the minutes included in the Board packet and, after review, by motion duly made and seconded, it was unanimously

RESOLVED to approve the October 24, 2018, Regular Meeting minutes as presented; and

FURTHER RESOLVED to approve the October 30, 2018, Special Meeting minutes as presented.

Insurance Additions

Ms. Johnston reviewed the insurance quote included in the packet for catastrophic coverage for the District's guardrails and streetlights. After discussion on the cost for the coverage, fund balance, and District's risk, the Board decided it did not need the coverage and could apply the saved premiums to the fund balance thereby self-insuring for those items.

Accounts Payable

Ms. Johnston distributed an updated Accounts Payable list to the meeting participants explaining that a Vail Resorts invoice was added for additional transportation costs incurred due to the early opening of Beaver Creek. The Board reviewed the updated Accounts Payable list and, following discussion, and by motion duly made and seconded, it was unanimously

RESOLVED to approve the updated accounts payable list as presented.

Operations Report

Mr. Hensel informed the Board that Arrowhead Property Management was not interested in cost sharing its evening shuttle with the District this year but may entertain the offer in future years once they understand the demand. General

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Arrowhead Metropolitan District Board of Directors November 28, 2018 Meeting Minutes

discussion continued around the need for an evening shuttle service in Arrowhead and what other communities were doing.

Mr. Hensel reported that he had spoken with his team and that there were no anticipated changes from last year to the parking operations plan for the upcoming season. Mr. Hensel explained that employees would be stationed at the lot from 8 am until 1 pm and that no Arrowhead homeowners would be turned away. General discussion continued on how to monitor previous homeowner access to avoid abuse of the homeowner parking and other parking issues.

Mr. Hensel presented the Board with the second ponds and wetlands maintenance proposal from Solitude explaining that it came in at a higher cost than the proposal from Aqua Sierra. Following discussion and upon motion duly made and seconded, it was unanimously

RESOLVED to approve the Aqua Sierra pond and wetlands maintenance proposal for 2019.

Mr. Hensel reported that there was some confusion with dispatch at the new transportation app noting that people were requesting to go to the Seasons and dispatch was assuming the Seasons at Avon, where the system did not provide service. Mr. Hensel noted that dispatch was being trained to clarify to avoid confusion.

Mr. Hensel reported that Arrowhead Properties requested a reserve space in the Alpine Club parking circle next to the Slifer Management reserved spaces to be signed and posted with reserved parking only during their check-in hours. Mr. Hensel reviewed a letter sent to AVA regarding upgrades to the Arrowhead snowmaking and reported that Arrowhead was expected to open as scheduled on December 15.

Action Log The Board reviewed the current action log. Mr. Hensel reported that the lights for the tennis courts were ordered and should be installed the next week.

Future Meetings The Board cancelled the regular meeting scheduled for December 26, 2018. The Board confirmed the next regular meeting would be January 23, 2019, starting at 3:30 p.m. and requested that the May meeting be moved from May 22 to May 29.

Arrowhead at Vail Update Mr. Coleman requested the District's article for the winter newsletter going out in the next week or so. Director Shafer requested that Ms. Johnston send last

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year's article to him for updating. Mr. Coleman reviewed items to be discussed at the next AVA meeting, including:

1. The public safety complaint log was very useful and informative although there were still issues to be worked out.
2. The pool committee found that costs were to be shared with other Arrowhead entities including Alpine Club. The Committee was firming up the budget and rules.
3. Any 2018 budget surplus for AVA would be spent on trails in 2019.
4. AVA instituted a policy that the immediate past president of the Association would stay on the Board for at least one year to aid with continuity.
5. Director Riggio requested that the AVA look into upgrading the pool to saline.

UERWA The Board reviewed the minutes included in the packet.

Adjournment There being no further business to come before the Board, by motion duly made and seconded, it was unanimously

RESOLVED to adjourn the Regular Meeting of the Arrowhead Metropolitan District Board of Directors this 28th day of November 2018.

Respectfully submitted,



Beth Johnston
Secretary for the Meeting