

ARROWHEAD IMPROVEMENTS ASSOCIATION
BOARD MEETING
Inn at Arrowhead
October 20, 2012
2:00 P.M.

The October 20, 2012 meeting of the AIA Board of Directors was called to order at 2:00 P.M. on Saturday, October 20 at the Arrowhead Inn with President Bob Hernandez presiding. The following Board members were present: Al Hale, Carol Flick, Bob Hernandez, Sharon Pugh, and Larry Bruestle. Approximately 45 association members were present for the meeting.

Order of Business:

1. **Call to Order**—President Bob Hernandez
2. **Determination of Quorum**— President Bob Hernandez reported that a quorum of the Board was present.
3. **Approval of September 15, 2012 Minutes**—**Carol Flick:** Carol stated that the draft of the September, 2012 meeting have been distributed and asked the audience for any questions, corrections, or additions. There were no corrections made to the minutes, Carol moved that these minutes be approved. The motion was seconded by Larry Bruestle and the motion was carried
4. **Regulation drafts copied** – Bob made 21 copies for those who would like to read the regulations as amended to be voted on later during the meeting. The copies were passed out to those needing one.

5. Approval of September Financials—Al Hale – Balance Sheet – The law changes in January, 2013 stating that non-interest bearing accounts will fall under the \$250,000 cap. Therefore, some money needs to be transferred out of Alpine Bank. A new account with Montrose Bank will be set up for this money transfer. Income Statement: On Line item 422, AIA is waiting for grant money for the mitigation funds. Expenses Statement: Line item 612, Heavy Equipment Fuel: the fuel tanks were filled up at a cost of \$1800. Line item 613, Equipment Lease: the lease payment on the grader will end following 2 more payments this year and the grader is ours. The other Line item 720, Maintenance – most of the \$2000 was for the contractor to haul away debris from Ponderosa. Al also reported that delinquencies are down to about \$37,000 and most of that is due to just 12 owners. With nothing further to report, Al Hale made a motion that this financial report be approved. The motion was carried. Al made a motion to open new accounts at the Montrose Bank to decrease the amount in the Alpine Bank accounts. Sharon seconded the motion. Motion carried. Bob commented that we have had several delinquent account owners set up a payment schedule to get caught up on their dues with AIA.

6. Election of New Board Members: As everyone knows Don Koeltzow and Rich Ostrom resigned last month. Bob thanked them for all of their hard work while serving on the Board and wished them well. The Board is empowered to fill vacancies as described in the By-laws. In the past the Board has done interviews; however, there were issues about the interviews so the Board asked those who have chosen to run to give a short biographies regarding themselves and why they want to serve on the Board of directors; they are as follows: Dale Breckenridge, Toby Ezell, Linda Squirrell, and Mike Wigent. Carol Flick announced that the current Board members would be voting for the candidates they felt could best represent the community. Sharon Pugh assisted with the counting of the votes. In the first round of votes, there was one clear winner with a need to re-vote on the remaining three candidates. In the second vote, the other winner emerged. Linda Squirrell, having received the most votes, will fill the position vacated by Don Koeltzow for 2+ years and Mike Wigent, will fill the position vacated by Rich Ostrom to complete 1+ years. Bob thanked all four candidates for considering filling the vacancies on the Board. He then invited the new directors to join the Board at the table.

7. Management Reports

- **Communications—Melissa Hernandez** - The AIA website, Facebook, Smoke Signals and the 2 bulletin boards continue to go smoothly. If you want to have information sent to you, please leave your email address with Melissa. Melissa has been putting notices up and has gotten permission to do this with the Postal Service. Melissa let

everyone know what kinds of information she sends out to the community via emails to include important messages that people should know and need to know quickly. The bulletin boards are located on the side of the firehouse and the second one is up by the dumpster. She stated that she does get things posted as quickly as possible by keeping up with her postings every day.

- **Design Review—Joyce Boulter** - We had a very light year this year. We have 2 houses that have been finished, several sheds, and driveway walk-ins. She stated that she is excited by meeting the new owners and help them to understand what happens here at Arrowhead. She does have the job of letting people know what they can and cannot do based on the Covenants and Regulations. She stated that she has been on DRC since 2005 and the manager of DRC since 2008. Her committee works closely with the Board of Directors.
- **Forest Management—Bob Rosenbaum** – Bob discussed the beetle situation and asked everyone to let him know if they see anything suspicious. MCH Packs need to be ordered by November 15th.
- **Mitigation Committee Report – Larry Bruestle** – the members (Larry Bruestle, Bob Rosenbaum, Bill Conway, Brent Mims, Kevin Stilley, Linda Squirrell, Lucia Lebon, Al Hale, Nick Gareffa, Joyce Boulter) are forest management and fire protection people, real-estate interests, as well as others who represent the community in general. There were recommendations made that would mean changes in the Regulations so they were tabled for the time being. The major recommendation is that mitigation revert back to voluntary rather than mandated. Also, strongly emphasize mitigation and defensible space through education on private property as approved by forest management which could only be done with approval from forest management. Finally, common land has been pretty much accomplished on the periphery and owners continue to work on the adjacent common lands. We would ask that private property owners clean up the standing and down dead on the common land, but we won't continue with mitigation on common land. This will still be discussed by the Mitigation Committee, and they will make recommendations to the Board to make final decisions on. These will be issues that the Board will be considering in the spring. It was asked from a property member why we might recommend a voluntary rather than mandated issue. It has been a fairness issue with what money has been available to other owners which will not be available down the road. Also, neither the county or the state make this mandatory. We need to balance fairness with community safety; therefore, we will continue to recommend that property owners mitigate their property. With audience input, Brent Mims was asked to come up and address the property owners. Our requirements do not meet the standards for state requirements. Brent was invited to address this issue. Brent stated that he did a lot of looking at land here at Arrowhead and looked through all the laws. In no place does it say it is required. In looking at the mitigation that had already taken place, we are not meeting the standards of state and federal standards. If you look at state laws and federal laws, the county has come up with plans to manage the mitigation problem. They do not require people to mitigate, they only recommend it. Brent stated that all the money and time spent to mitigate has not come up to the standards that would keep the wildfires from quickly spreading. The Board will look into this further this spring to determine what should be done. This is an important issue to look into and a decision should be made by June, if at all possible.
- **Maintenance and Facilities—Bob Hernandez** – Work is taking place on Alpine Road from the winter parking lot to Ponderosa. There are 7 new culverts in with one more to go. The remainder of the grant money will allow us to know what can be done in the way of graveling the road up to at least Ponderosa and possibly up to Spruce. Bob thanked Rich Leary for all the work he did to secure the grant money.
- **Security - Reinie Masanetz** - Reinie passed out copies of how the parking lot is set up for parking different types of long-term parking, automobiles, trucks, snowmobiles, and trailers. He reminded everyone to check out the Smoke Signals for winter parking rules and to be sure that we all have the yellow stickers in place. Leonard let everyone know that there are mountain lions out so be on the alert. Video surveillance signs and video systems have been installed at the parking lot. The night vision cameras reach 120 feet, and the day vision goes a lot further, but we aren't sure if we will be able to see all the details that need to be seen. We will be experimenting with the cameras. There will be another camera installed on the other side of the maintenance shed to look at the fuel pumps and the warming shed. If we need to, we can get wireless cameras later on to add to the vision of the parking lot. Bob also thanked all of the managers, staff and security personnel for all of the work throughout this past year.

8. Committee Reports

- **Fire Department. – Brent Mims**- We have a new snowcat and a new pump system for the snowcat. We have better equipment than we have ever had. About 15 persons show up every month to keep up with being trained. Also, we have a lot of persons who help with communications and response. We also want to thank Toby Ezell for all the work he has done maintaining the equipment and Rich Leary for setting up the communications equipment. The snowcat cost the Protection District 118,000 dollars which came from the Protection District emergency funds. If you make donations to operations, equipment and training, send the money to the Protection District. If you want your money to go to more community oriented events make it to AVFD. We really need the emergency funds to come up after all the fires this past year. It is a good idea for us to bring those funds back up.

9. Action Items:

- **Review of Workshop Discussions**
- **Manager reports**
- **Ute Road Mitigation Project** --- there was grant money available, but for various reasons, we voted to cancel the project since the funds may not be available.
- **Motion to accept the auditors to audit next May**
- **2013 Budget**
- **Alternative Dispute Resolution**
- **Update on election for Board member positions** --- have already received over 400 ballots
- **Regulations** which we will be addressing right after this.
- **Set Board meeting dates for next year**

10. **Exec Session:** 3 noncompliance issues were addressed.

11. Discussion of Board Action Items from the Workshop

- **2013 Budget Review: Al Hale** --- yesterday we worked on the second draft of next year's budget. The 3rd draft will be posted on the website, and it will be sent via US mail for all to have a hard copy with the January dues statement. In the January Board meeting, we will approve the 2013 budget. The budget committee consists of all the managers and all the Board members. Over the last 3 years, we were using a procedure which consisted of the managers, and over the years they have been involved in the budget process. In the Board of Directors Handbook there is was a procedure that had not been used and was outdated. The Board discussed and approved the procedure that has been in use for the past three years as an update to the handbook.
- **Alternative dispute Resolution** --- the CCIOA requires us to have procedures for the dispute resolution. In 2006, our Board at the time, put this requirement into place and had written procedures which they thought were sufficient. Later it was determined that these procedures were not sufficient. The current Board spent time discussing this throughout the summer worked on this with the help of our attorneys. This needs to be approved by the Board and added to the Handbook. Part of the procedure was to determine disputes could be handled without going to court. It was decided to go to mediation, either in person or by phone, and it was discussed that we should allow 90 days for this process. Sharon moved that the Dispute Resolution Policy between AIA and owners be approved and included in the BOD Handbook. Al seconded the motion. Motion carried.
- **Regulations: Bob Hernandez** --- we have been working on these over the past four years. The draft of the proposed amendments to the AIA Regulations was on the website for all to see and comment about. Comments and suggestions were received from the community and many were incorporated into the Regulations. Changes have been actively discussed by this Board for this past full year. We need to have Regulations in place and the

Board has to power to change the Regulations. A major discussion yesterday was the wording of the RV procedures. We used the language from the 2003 Regulations. The policy for those with a house and an RV was changed to not allow RV's to be parked by the house to make things more equitable. We will allow an RV to park by a house for 72 hours to be packed or unpacked. We are looking into finding a place to store RV's for those who need to have a place to store them up here on the mountain. The Board did send out a survey, received comments back from the property owners, and after looking over the desires of the community, the Board tried hard to take all into consideration. After much discussion from the property owners regarding the amended Regulations, Larry Bruestle made a motion to accept the 2012 amendments to the Regulations which makes the new RV regulations will be affective 1 January, 2013. Sharon seconded the motion, the motion carried.

12. Announcements from the Board:

- Board meetings are posted and are set to be held on the 3rd Saturday of each month. The place will be determined at a later date, but will probably be the firehouse. The one exception to the 3rd Saturday of the month is in September 14th. The winter residence meeting will be held after today's Board meeting. The winter parking lot opened on the 15th of October. The last day for RV's on the mountain will be November 18th.

13. Announcements from the Audience:

- Bobbie addressed the Board regarding the survey. Why have the owners not been given the actual number results? Bob stated that new surveys are still coming in and he will make sure all the results are posted on the website.
- Larry Bruestle stated that the Board has tried hard to be fair and transparent. The votes are all signed and available for property owners to look at any time they would like to see them.
- The parking lot bathroom has been closed the last two winters because of freezing issues, and repairs have been made to correct this problem. The hope is that this will not be an issue this year.
- Joanie announced a Christmas party set for the 22nd of December and a parade of lights.
- Carol Flick, asked if any property owners would be available to help count ballots on Saturday, December 1st. Volunteers were asked to contact Carol after the meeting.

14. Adjournment: With no further business to come before the Board, Bob Hernandez moved to adjourn the meeting at 4:04 P.M. Larry Bruestle seconded the motion. Motion carried.

The next Board meeting will be held on January 19th at 2:00 P.M. with the place to be determined.

SUBJECT: RV Regulations Modification

1. FOR: Decision

2. PURPOSE: To clarify the RV regulation specifically related to the number of RVs allowed on a lot without a house to make it enforceable, easily understood by everyone and consistent with the Covenants, Past Regulations, and past Board's Intent.

3. RECOMMENDATION: We adopt clear language for the RV section of the AIA Regulations for either a 30 Day allowance for a 2nd RV. Or, staying closest to the intent of the current rules in making only the necessary change in language for better understanding, a single 14 Day permit for a 2nd RV. The "One 14 day permit" is much simpler, easier to enforce, and in line with what the water company states the water infrastructure was designed for.

4. ASSUMPTIONS:

- a. RVs are treated by the AIA and Arrowhead as residences for their use over the summer camping season.
- b. Owners are treated fairly regardless if they own a lot with a house or an RV lot and the regulations should promote, as much as possible, this equality.

5. FACTS:

a. Background. Since the 2005 Regulation change the number of RVs allowed on a lot has been misrepresented to be one fulltime and an additional RV stored all summer. The Board announced in July 2011 that it would begin enforcing the RV regulations. A segment of residents said the Board was trying to split the community when in fact all the Board has tried to do is enforce the regulation that these residents don't like. Confusion over the interpretation has resulted in a change being required.

b. Facts.

1. The covenants specify single family, single residence lot use for homes and camping. Article IV: Use of sites, 3. Number of Residences. Only one single family residence designed for the occupancy of one family and its guest shall be permitted on each site.
2. Having more than one kitchen per lot is a test by the county for more than single residence. This has been applied to a lot with a house resulting in the determination there were two residences, which took over 6 years to correct.
3. A limit of RVs to 1 full time is in line with what the developer intended. He is adamant about this and is willing to make a deposition if required. Arrowhead has always been a single family, single residence community as required by the Covenants. The fact that an RV has sleeping facilities, a bathroom and **a kitchen**, have resulted in it being considered a residence while being use at Arrowhead for an extended period of time over the summer camping season. Long term use is defined as anything over 14 days.
4. The water system infrastructure at Arrowhead was designed for single residences per lot.
5. In 1973 the first covenants allowed camping for just 4 weeks of the year. It didn't mention RVs. It did state Single Family, Single Residence use.
6. RVs weren't mentioned until the 1990 Covenants. A change that was made to keep up with the times and the evolving use at Arrowhead. They were allowed for the summer camping season, still under a single family, single residence use concept.
7. In 1995 a precedent was set by the board when an owner was denied a request for a 2nd RV pad because of the AIA Covenants and County Land Use Regulations all based around Single Family and

Single Residence use. This was done after much research and consideration by that board over a several month period. The County Land Use on RVs applied to Arrowhead at that time. Now it defers to our covenants and regulations.

8. The County Land Use Regulations after 2003 pertaining to RVs do not apply to Arrowhead because we are governed by our covenants and regulations. If they did apply an RV on a lot over 14 days would require a request for land use change.

9. The 2003 Covenants modification did not change anything applying to number of RVs.

10. The 2003 Regulations limited a lot to 1 RV. It also allowed a 2nd RV with a permit for a limited time. But they did not specify the duration of a permit that would be allowed or the number that could be issued over a camping season. The single family, single residence use was still a guiding principle. It stated: "An owner is limited to a maximum of one (1) house or RV (additional one (1) RV will be allowed by permit only), one (1) detached garage, and one (1) shed per lot.

11. In 2005 another change was made to allow storing RVs. No one thought that an RV owner would store a 2nd RV nor considered if the lot owner should own the stored RV. The rationale was if an RV owner brings a 2nd RV up here to store, is it really being stored or brought up here to use periodically. It allowed "a 14 day permit" for when a 2nd RV or when a stored RV was occupied. The authors say they meant one (1) permit per summer. The 14 days was a result of a survey of owners. Responses came back: 7 days, 14 days, and 21 days. More people suggested 14 days, so that was the number the Board put into the Regulation. The 2005 amendment states: "An owner is limited to a maximum of one (1) house or RV, (as a residence), one (1) detached garage, and one (1) shed. One (1) additional unoccupied RV is allowed and if and when occupied a fourteen (14) day permit is required. Additional RV(s) may be allowed for a limited time with prior approval from Security."

12. Over 60% of 2012 survey respondents indicated that additional RVs should be limited.

- 85% of respondents agree that there is a limit to the number of RVs on a lot at Arrowhead.
- 55% of respondents agree that an RV should be considered as a residence for the purposes of use at Arrowhead.
- 63% of the respondents agree that there should only be 1 primary RV and limits on the length of stay on a 2nd RV.

6. RATIONALE FOR RECOMMENDATION: In the spirit of compromise the Board has discussed a 30 day period for the 2nd RV. However, it appears the compromise isn't sufficient so the best course of action is to remain at the current one 14 day permit. Also, to insure the Board can defend that the change is really necessary the one 14 day permit is the closest to the intent of the current regulations. It also is in line with what the Water Company says the water infrastructure can support.

The Language proposed:

Option 1 - 30 day permits:

For lots without a house, 1 RV per lot, occupied or unoccupied, is allowed during the camping season. A 2nd RV per lot, occupied or unoccupied, is permitted for 30 days per camping season and the owner is required to get a permit from security upon arrival. The permit is for the presence of the 2nd RV whether occupied or not. The 30 days may be used by the lot owner in multiple segments of consecutive days - 1 period of 30 days, 2 periods for a total of 30 days, etc. If the 30 days is broken into multiple periods over the summer, the 2nd RV needs to be removed between these periods, or if not removed it is only allowed for 30 continuous days (occupied or unoccupied).

For lots with a house, 1 RV per lot, unoccupied, is allowed during the camping season. A 2nd RV per lot, occupied or unoccupied, is permitted for 30 days per camping season and the owner is required to get a permit from security upon arrival of the 2nd RV. The permit is for the presence of the 2nd RV. The first RV can be occupied with a permit, but only if there is not a 2nd RV present. If there is a 2nd RV only one RV can be occupied at a time. The 30 days may be used by the lot owner in multiple segments of consecutive days - 1 period of 30 days, 2 periods for a total of 30 days,

etc. If the 30 days is broken into multiple periods over the summer, the 2nd RV needs to be removed between these periods, or if not removed it is only allowed for 30 continuous days (occupied or unoccupied). The first RV can go back into a stored unoccupied state if it has been occupied for 1 - 30 days.

Exceptions can be approved for longer periods or for additional RVs for Family reunions, needs during construction, etc. by making a request to the Board.

Option 2 - One 14 Day Permit:

For lots without a house, 1 RV as a residence for the camping season with a 2nd RV allowed (occupied or unoccupied) with one 14 day permit.

For lots with a house, 1 RV (occupied or unoccupied) is allowed with one 14 day permit. Periods up to 72 hours are allowed for loading and unloading, which does not count against the one 14 day permit.

Exceptions can be approved for longer periods or additional RVs for example, for Family reunions, needs during construction, etc. by making a request to the Board. Additional 14 day permits may be issued on a case by case basis also by making a request to the Board.

7. IMPACT OF SUCCESS OR FAILURE: The number of RVs will start increasing and the number owners use or allow to be used on their lot will result in an escalating problem over the next 2 - 10 year period. A resolution needs to be made as soon as practical so the recovery phase for the community can begin.

8. COORDINATION: These options have been coordinated with the AIA attorney who advises that the AIA is within its power to pick either option.

Board President:	Option 1 or 2	Concur	Nonconcur	Name and Date:
Board Treasurer:	Option 1 or 2	Concur	Nonconcur	Name and Date:
Board Secretary:	Option 1 or 2	Concur	Nonconcur	Name and Date:
Board Member 4:	Option 1 or 2	Concur	Nonconcur	Name and Date:
Board Member 5:	Option 1 or 2	Concur	Nonconcur	Name and Date:
Board Member 6:	Option 1 or 2	Concur	Nonconcur	Name and Date:
Board Member 7:	Option 1 or 2	Concur	Nonconcur	Name and Date:

9. APPROVED ___ DISAPPROVED ___ Option 1 or 2

SEE THE FOLLOWING PAGE FOR THE EXECUTED COORDINATION AND SIGNATURES.

etc. If the 30 days is broken into multiple periods over the summer, the 2nd RV needs to be removed between these periods, or if not removed it is only allowed for 30 continuous days (occupied or unoccupied). The first RV can go back into a stored unoccupied state if it has been occupied for 1 - 30 days.

Exceptions can be approved for longer periods or for additional RVs for Family reunions, needs during construction, etc. by making a request to the Board.

Option 2 - One 14 Day Permit:

For lots without a house, 1 RV as a residence for the camping season with a 2nd RV allowed (occupied or unoccupied) with one 14 day permit.

For lots with a house, 1 RV ~~owned by the lot owner can be stored unoccupied~~ ^(OCCUPIED OR UNOCCUPIED) during the camping season. It or a visiting RV (only one) can be occupied with one 14 day permit. ~~PERIODS UP TO 72 HOURS ARE ALLOWED FOR~~ ^{IS ALLOWED WITH ONE 14 DAY PERMIT.} ~~LOADING OR UNLOADING (DOES NOT COUNT AGAINST 14 DAY PERMIT).~~ ^{FOR EXAMPLE, ADDITIONAL PERMITS MAY BE ISSUED ON A CASE BY CASE BASIS ALSO BY MAIL A REQUEST TO THE BOARD.}

7. IMPACT OF SUCCESS OR FAILURE: The number of RVs will start increasing and the number owners use or allow to be used on their lot resulting in an escalating problem over the next 2 - 10 year period. A resolution needs to be made as soon as practical so the recovery phase for the community can begin.

8. COORDINATION: These options have been coordinated with the AIA attorney who advises that the AIA is within its power to pick either option.

Board President:	Option 1 of <u>2</u> Concur	Nonconcur	Name and Date: <u>RAJ</u> <u>ROBERT HERNANDEZ</u> 10/19/12
Board Treasurer:	Option 1 of <u>2</u> Concur	Nonconcur	Name and Date: <u>[Signature]</u>
Board Secretary:	Option 1 of <u>2</u> Concur	Nonconcur	Name and Date: <u>Carol Hick @ Hick</u> 10/19/12
Board Member 4:	Option 1 of <u>2</u> Concur	Nonconcur	Name and Date: <u>SHARON PUGH</u> 10/19/12
Board Member 5:	Option 1 of <u>2</u> Concur	Nonconcur	Name and Date: <u>Al Hale</u> 10/19/12
Board Member 6:	Option 1 of <u>2</u> Concur	Nonconcur	Name and Date: <u>M. [Signature]</u> 10/20/12
Board Member 7:	Option 1 of <u>2</u> Concur	Nonconcur	Name and Date: <u>[Signature]</u> 10/20/12

9. APPROVED ~~X~~ DISAPPROVED ___ Option 1 of 2