

Arrowhead Improvements Association

Board Meeting Workshop Minutes

Friday, January 20, 2012

At 11:15 AM, the meeting was called to order by President, Bob Hernandez at which time he determined that a quorum was present. In Attendance were Bob Hernandez, Don Koeltzow, Paul McDermott, Rich Ostrom, Al Hale, Carol Flick, Dave Tobler, Melissa Hernandez, and Bob Rosenbaum. Those in attendance via Skype: Larry Bruestle and Sharon Pugh. It was also noted that we had two guests in attendance: Bobbie Kerns and Patty Greeves.

After having received a letter of complaint from a property owner about the roads being officially closed but noticing automobiles on the roads, Bob Hernandez announced that because the roads have been as they are we need to decide whether we need to drive in or use snowmobiles. Once we close the roads, we need to abide by that unless we see a need to change the rules. Don Koeltzow pointed out that, in both the winter right after the roads are officially closed and in the spring just before they are officially open, there have always been a few owners who have opted to drive in when the roads are officially closed. This is because riding a snowmobile in under certain conditions may even damage the machine if there isn't enough soft snow to keep the runners lubricated and the engine cool. Usually these periods last for only a couple of days. This year, the poor snow conditions have caused this initial phase of the transition from vehicles to snowmobiles to be several weeks long rather than just a few days long. After much discussion, it was finally decided to allow people to use their discretion when driving on the roads if they have, in fact, been closed.

Paul McDermott. Finance report: On the income side of our statement, the insurance payment for the firehouse roof as well as the sale of the groomer shows us over budget in revenues. On the expense side, we are over budget in heavy equipment because of the time it took to get the roads cleared in the spring. A new cold roof was added to the firehouse and with the insurance and payment by the fire department, the expenses versus the income were a wash.

He also stated that we came in this time quite a bit under budget. Paul suggested that the board make a motion for the surplus, possibly putting it into the equipment reserve and undesignated surplus. He further recommended that we build up the equipment reserve by approximately \$13,000 and putting the remainder of the surplus into the undesignated surplus. Currently we have \$66,871 in undesignated reserve and equipment reserve accounts.

Bob Hernandez – 2012 Budget: Bob asked if the budget for 2012 as set up looks good to us. Since we agreed that the work done in the October 2011 workshop looked acceptable to us, it should be moved that the budget be accepted as it stands during tomorrow's board meeting.

Bob Rosenbaum: UTE PROJECT FOR 2013 - As of Jan. 20, 2013 (Amended by Kevin Stilley)

Grant money: \$50,000 @50:50 match. AIA will provide \$20,000. Therefore, we need to obtain the remaining \$30,000 from the homeowners who own lots in the area to be mitigated. From grants point of view, elsewhere can be in cash or in-kind (Last year's labor in-kind = \$20.85/hour. From contractor's point of view work done paid in cash.

Area = approx. 49 acres of which 30 are private lots. Of the 30 private lots, 7 have completed their mitigation and 3 have had some work done.

The contractor, the CSFS District Forester, and the AIA Forest Manager inspected the area in May 2011 and agreed to divide it in two sections based on the degree of difficulty with the division occurring on a north/south axis along the driveway to Todd DeJong's cabin.

The prescription for both would be the same: standard mitigation with the debris either being taken to the stump dump or carried down-hill to the already mitigated common land and put into burn piles built and sited according to AFD Fire Chief's specifications. (Piles will be burned in the winter of 2013-14 by the AVFD).

The contractor's price for the "easy area" is \$2380/acre; for the "hard" area \$2840. Note: based on a telephone conversation with the contractor on Jan. 16, 2013, he sees no reason why these rates should change. He also said he was amenable to a discount for lots that have been partially completed although he has yet to provide such a rate or rates.

As of now, there are 9 private lots in the "easy" area and 11 in the hard area in need of full mitigation, with 3 in the hard area having had some work done.

The grant application specified that 45-60 acres would be mitigated, with balance after contractor's work to be done as in-kind. Most of this will be the least difficult portions of the 49 acres plus refreshing or touching up portions of the adjacent common land which was mitigated between 2003-2005.

The numbers: Assuming all 20 owners pay the full rate – generates \$52,660 to go with \$50,000 grant and \$20,000 AIA = \$122,660. At an average contractor rate of \$2660, contractor could do approx. 46 acres. Add to this the 7 that need no work done, this comes to 53 acres before volunteer in-kind kicks in. (I have ignored the partials until we get discount(s)).

Inducements:

1. Colorado State Income Tax Deduction. This applies to any wildfire fuel mitigation. Is a 50% deduction for actual monies spent.
2. Reimbursement from grant funds. To encourage property owners to pay up, reimbursements (or discounts) could be provided to those who get their payments to the AIA by an appropriate date in the spring of 2013.
 - a. If a \$1000 per lot discount and assuming 100% compliance, this would generate \$32,660 for a total cash pot of 102,660 or 38-39 acres done by contractor. Adding the 7 already completed and this leaves 0-15 acres to be done in-kind.
 - b. If a \$750 discount = \$37,660 = 40.5 acres (plus 7) 0-13 to be done in-kind.
 - c. If \$500 discount = 42,660 = 42 (plus 7) or 0-11 to be done in-kind.
3. Other variables:
 - a. Doing it yourself. Arrowhead has a tradition of allowing owners to perform the work themselves either through sweat equity or hiring their own contractors. If they want to do it themselves work must be completed by September 30, 2012. Work can be completed or partial based on contractor's discount(s).
 - b. Apply for a grant themselves, but the work must be done by Sep. 30, 2012.

The idea here is to give the property owners plenty of up-front time. No matter what our circumstances, we need to use this grant money. Bob suggested that we include in the April billing a letter to homeowners to give them the plan regarding our need to mitigate. If we have all the details, we can put the information out there. If people are looking at paying up front to take advantage of this discount, they should know what their plan is by the 1st of March.

Bob Hernandez – Reporting for security: They are still in need of a new snowmobile. We have a budgeted amount for replacement, and offered to purchase from one of our property owners; however, that business owner came in quite a bit over what we have budgeted. Therefore, we looked into finding a snowmobile of the caliber we needed from other outfits and were able to find a 2012 snowmobile. After much discussion, it was decided that we would wait until next fall to purchase this same year, make a model of snowmobile and, hopefully, be able to purchase it as last year's model and save even more money on our purchase.

Melissa Hernandez - Communications: The past months have seen Mountain Livings being published monthly. The Smoke Signals is now being posted on the AIA website at the beginning of the month and is being sent to the printer and mailed earlier than it previously had. We have added more advertisers. I recommend that people wanting to sell items place a small card-sized ad in the Smoke Signals as the results from these ads are very good. The Smoke Signals has grown in size. Half of this is advertising. A third of it is Board Members and Manager's reports and the rest is articles/photos about Arrowhead. The price to print and distribute has gone up due to

size, however I feel that this is justified by the quality of the product. We have added an official Facebook page in our efforts to keep improving communication with the community. It is intended to take the place of the former Message Board. The format by Facebook allows for a moderator and is free, unlike other moderated Message Boards that we could have chosen. There is now a link to this on the Website homepage. This Facebook page, Arrowhead in Colorado AIA, is open to the public and does NOT require a Facebook account. The guidelines for using the page are posted on the page and will continue to be reposted every other week. Another goal for this page is one such as many towns using Facebook for their Chamber of Commerce, highlighting the wonderful things about their community. As this page is public, and as there is an easy link to it on the AIA Website at arrowhead1.org, I do not feel that we need to reinstitute the Message Board.

Bob Hernandez – Regarding the annual owners’ meetings, we have a requirement to notify owners in writing no less than 10 days and no more than 50 days ahead of time. We could move the owners’ meeting to August, and get the notification out with the April billing on a separate page. We could have the meeting on the 18th of August. We could continue to have the new owners’ reception in July. Then, we could do the winter residents meeting on the 20th of October. Everyone agreed with this. July 21st the inn is not available, what do we want to do? Since the publication is out that that meeting is on the 21st, we will just move the meeting and new owners’ reception to the firehouse. A motion will be made on this at tomorrow’s Board meeting.

Covenants: Don Koeltzow stated that since Amendment 1 did not pass the following problems still exist:

1. The AIA does have ownership of the Common Ground in the Ridges in Arrowhead subdivision as a result of the Quickclaim Deed from Mr. Minerich granted on December 14, 2009. In 1993, Mr. Minerich and the AIA declared that the Declaration of Protective Covenants and Restrictions of Arrowhead in Gunnison Country shall full apply and be binding upon the real property described as The Ridges at Arrowhead in Gunnison Country. However, these Covenants were amended in 2003 to change the vote percentage needed to change fee assessments and it isn’t clear if the amendments made in 2003 are legally binding on the 13 lots in the Ridges Subdivision.
2. The current covenants require that the board appoint members to the design review team.
3. Currently, the number of septic tanks is not limited to one. This would have been taken care of had Amendment one passed.
4. Owners and guests who are camping without waste disposal equipment are not required to use portable waste disposal equipment.
5. Use of all poisons and pesticides-outside our homes is prohibited by the current Covenants. Therefore, this impacts and is in conflict with our ability and our obligation control noxious weeds. This cannot be changed with regulations because our Covenants take precedence over our Regulations.
- ~~6.~~ There may be a problem with the authority of the Fire Protection district in Arrowhead. [Note: Subsequent information obtained from Fire Chief, Brent Mims, concerning Colorado law is clear that the Fire Chief has complete authority to operate anywhere within the Fire Protection District. Therefore, the fact that Amendment #1 did not pass has no impact on the authority of the Fire Protection District.]
7. No health requirements for horses boarded at Arrowhead.
8. The covenants are a legally binding contract between the Arrowhead Improvement Association and the owners. According to our current Covenants, we are required to provide a camper dump station located adjacent to the upper pump station on Spruce Road. Since it is now on private property, and they don’t want us to use it for waste disposing. We are in violation of our legally binding contract with the owners. Under Colorado Law, Board members have a fiduciary responsibility to enforce the Covenants and Regulations and we can’t do that.

9. Those owners who require us to do exactly as the law requires, need to rethink their positions on this issue. Strict adherence to the law does not allow for any flexibility or humanity.

10. Mr. Koeltzow also stated that he had investigated the legal definition of "single family" and found several different definitions depending on the particular situation. In summary, he stated that, according to our Covenants, Regulations, and By Laws, it is the legal responsibility of the Board to develop the definition for this term in our Covenants-

Bob Hernandez added that we are not done with our Covenants. Amendment 1 had more votes in favor but not enough for the meeting the requirements of the Covenants. We need to get into contact with the homeowners who have not voted. We may take our covenants as they were sent out and resend without any changes and see if we can't get amendment one approved. Thankfully, Colorado law does not state that if you are not enforcing one part of the covenant, the remainder of the covenant is not nil and void. How about if we investigate the options that we have available to us? In 2003 they had to go to court to get the covenants approved. Bob Hernandez will check with David Masters to see what our legal options are. We have spent lots of money on legal fees and have not improved one thing up here at Arrowhead.

Since all committees, by the terms of the Covenants, are required to be appointed by the Board, we need to look at what committees we still need and what their intentions are for this coming year. Bob Hernandez reminded us that all committees are required to post meeting dates and place, an agenda and minutes of meetings as per the Colorado Common Interest Ownership Act (CCIOA).

Election Committee: In forming our election committee for this year, we have been asked by Patty Greeves and Bobbie Kerns to put them on the committee. We need to ask at the board meeting tomorrow to see if there are others out there who would like to be included on that committee.

Long Range Planning Committee: Bob Hernandez asked if we felt a need to continue with this committee. After much discussion, it was decided to continue with the committee and have Carla Vavrik, the committee manager, to visit with the board on their plans for this coming year. The LRPC will have to publicly announce their meetings, publish an agenda, and hold the meeting at a place where AIA community members not on the committee can attend if desired.

Before we create any other committees, we need to see what David Masters recommends. We might need a committee for the boarding of horses, but in the meantime, Larry Bruestle has offered to act as a liaison between those who use the stables in proposing regulations and required vaccinations and tests on the animals being boarded.

Bob Hernandez: Summer clean-ups: Carla Vavrik has picked the dates for the summer clean ups. They seem to be fine and we can re-check on the 4 Saturdays suggested to be sure there are no conflicts. Those dates are June 23, July 28, August 25nd, and September 23nd.

Design Review: Joyce Boulter. Joyce wants to thank those who have helped on the committee and recognize their service to our community.

Bob Hernandez suggested that we compose a letter to send out to all the AIA employees thanking them for their service. Carol Flick offered to help draft the letter and will have it ready to be sent out by the end of the month.

Delinquent Accounts: Dave Tobler reported that an account has to be written off due to bankruptcy. A motion will be made at the Board meeting tomorrow to write off this account without mentioning the owner's name.

Audits: Paul McDermott reminded the board that Colorado law requires an audit on our books every two years; however, we currently have the books audited every year. Dave suggested that we continue to have our books audited annually. It is not that expensive and helps us keep track of our accounts. It was agreed upon by the Board to continue as we have in the past with the annual audits. A motion to have annual audits continuing with the group Chadwick, Steinkirchner, and Davis, will be made at tomorrow's Board meeting.

Design Review Committee: Joyce Boulter noted that she has had a notice since October on the AIA website requesting those interested in becoming members of the Design Review Committee to write her a letter with qualifications and resume. So far, she has received none.

She will re-post the two openings with requests for letters by the end of February. She also stated that a letter will be mailed out to owners who have a responsibility to fulfill defensible space. These are property owners who have purchased after 2008.

Tabled for further discussion : Updates and Changes to the AIA Regulations, BOD Handbook, and by-laws. With this and no further business to be brought up for discussion, the meeting was adjourned at 3:00 P.M.

The next workshop will be held on March 9, 2012 at 11:15 at the Arrowhead Inn.