

**ARROWHEAD IMPROVEMENTS ASSOCIATION
BOARD MEETING
January 17, 2009**

DRAFT

The first meeting of the 2009 AIA Board of Directors was called to order at 2 pm on Saturday, January 17, 2009, at the Arrowhead Inn with President Kathy Leary presiding. The following Board members were present: Kathy Leary; Ralph Ambruster; Rich Ostrom; Paul McDermott; Randy Touslee; and the newly elected member, Don Koeltzow. Sondra Clifton was off the mountain for the winter, but she attended the Friday workshop via teleconference. Approximately 40 association members attended the meeting.

Order of Business:

1. Approval of minutes: Randy Touslee asked for additions or corrections to the minutes of the October 18, 2008, Board Meeting. None were received and he moved for approval, seconded by Paul McDermott, and the motion passed.
2. October Minutes Addendum: As a result of the decision to complete the parking lot bathroom and RV dump station last fall and because that expense was not fully budgeted, funds needed to be moved from undesignated reserves to cover the expense. An affirmative email poll of Board members was conducted in November, but a formal motion is needed to record that action. Randy Touslee moved to recognize the Nov 2008 email poll of Board members that authorized the use of Undesignated Reserves for Capital Expenditures, specifically for construction of the parking lot bathroom and RV dump. Paul McDermott, seconded and the motion passed.
3. Financial report: Paul McDermott reviewed the financial statements for 2008 and discussed changes in the 2009 budget. He stated that the year of 2008 saw some extraordinary expenses, including the construction of the RV dump and parking lot bathroom, plus the expenses related to the heavy snow load. The net income was lower than expected because the revenue from the wildfire mitigation grant had not been received. He also stated that there were not as many design reviews this year as in the past. As a result, the actual income for 2008 was \$376,672.92 rather than the expected \$414,700 for a shortfall of approximately \$38,000. He stated that the wildfire mitigation grant funds (\$22,800) had been received and would be noted in the 2009 budget figures. The 2008 heavy equipment fuel costs have been lower this year than last year. This along with the purchase of a larger fuel tank has generated a higher than expected fuel carry over into the 2009 year. He stated that there were greater than expected repairs required for some of our heavy equipment causing an over expenditure of approximately \$4,000 in this category. However the wildfire mitigation expenses were approximately \$15,000 less than expected so our overall operation expenses were approximately \$11,000 over budget. Paul McDermott moved the adoption of the December 31st financial statement, motion was seconded by Ralph Ambruster, and motion passed.
4. Amending the 2008 budget to include capitol expenditures: Paul McDermott moved that the 2008 budget be amended to change the name for Capitol Expenditure Account #840 from the

current "Parking Lot Bathroom" to "Parking Lot bathroom and RV dump" and to increase the expenditures in this account to \$56,000, motion seconded by Rich Ostrum, motion carried.

5. Report on changes to the 2009 adopted budget: Paul McDermott stated that the wildfire mitigation income for 2009 had been increased from \$26,000 to \$48,800 due to receiving the 2008 funds in 2009. He also noted that the water bill expenses were increased \$120 to reflect the increase in water fees; the heavy equipment fuel costs were lowered by \$6,000 due to increased carry over from 2008; an equipment lease line item had been established to cover the new road grader; heavy equipment license fees were increased by \$1,000 to cover anticipate increases in costs; and heavy equipment repairs were decreased by \$3,000 reflecting lower expected expenses with the new grader.
6. Problem with signature cards on CDs and Money Market Accounts and changes in Money Market Accounts: Paul McDermott stated that, after the last Board elections, the signatures on the Money Market account and CDs at the Wells Fargo Bank had not been changed and that his was the only signature on funds in the Alpine Bank. He stated that the signature problems were being taken care of. He also stated that Wells Fargo had recommended that the Money Market Account #113 in listed Assets be closed and the funds transferred to a savings account that would provide a higher interest rate. He moved that the AIA treasurer be authorized to close Account #113 (\$51,912.81) move these funds to a savings account that offered a higher interest, motion was seconded by Rich Ostrum, motion passed.
7. Annual financial audit for 2008: Paul McDermott moved to issue an engagement letter to Steinkrichner, Davis, and Company to perform that audit, probably in the May timeframe. Ralph Ambruster seconded, and the motion passed.
8. Management Reports: This will be a new feature in 2009. Stipend manager positions were converted to employee status and each of those managers will make a report to the association.
 - a. Communication: Cheri Ratliff is responsible for communications including creating/maintaining the AIA web site and publication of The Smoke Signals. She discussed several changes to the Arrowhead web site. The speed at which things can be posted has been increased so that she can now post items to the site much more quickly. A second photo will be added to the web page and will be accompanied by an interest story. All of the old issues of the smoke signals have been converted to smaller files and can be downloaded from the site. A new calendar has been added and clicking on any item listed in the calendar will provide additional information about the item such as meeting location etc. She asked for information on up coming events so that she can post these on the calendar. She also stated that a new "Health on the Mountain" article written by Joyce Boulter will soon be added to the site to provide information on various types of health problems on the mountain. She stated that they are working on the establishment of an interactive section for the site where people could possibly address questions to various AIA Board members etc. She called for additional photos to put on the site and informed the group that the number of hits on the site had increased from approximately 7,000 in July of 2007 to over 44,000 today. Attendees expressed their appreciation to Cheri for the excellent job that she has done on the site.
 - b. Design Review: Joyce Boulter is now the Design Review Manager. She commented that the Arrowhead web site was the best that she has seen after examining sites for many other homeowners associations. She stated that, in 2008, there were 6 driveway reviews;

7 utilities installations; and plans for 2 houses, 2 garages, 11 sheds, and 9 deck repairs submitted for approval for a total in permit fees of \$3,900. This was approximately half of the fee income from the previous year. Future known construction plans are expected to be lower in 2009.

- c. Forest Mitigation Manager: Bob Rosenbaum was not present, but here is a recap of his report at the Board workshop. The state has approved AIA's grant request for 2009 mitigation funds for up to \$26,000, dependent on our spending at least twice that amount. The 2009 effort should mostly complete the most severe areas on the perimeter of the community. He next wants to start tackling the interior areas, including both common land and private lots. Individuals can apply for state grants also. Contact Bob for information on the process. A discussion of bark beetles indicated that we are not immune from the plague and we need to get regulations in place to deal with removal and disposal of infected trees.
 - d. Security: Reinie Masantz expressed thanks to his team of security personnel for the excellent job that they have been doing. He stated that security has approximately 280 driveways to open with their snowmobiles. He requested that homeowners give them several days advance notice when they want security to open their driveways. He also emphasized the need for markers that outline both sides of the driveway so that security knows where the driveways are located. After heavy snows, it is impossible to determine where these driveways are located which can result in security snowmobiles getting stuck, running into buried objects such as picnic tables and rocks. This is a safety hazard to security personnel and may lead to significant damage to our AIA snowmobiles. He also stated that not all homeowners have the new yellow numbered stickers for their vehicles and trailers. The application forms are available on the web site or from security. He stated that they still have 2 diesel parking spots available. Finally, he warned the attendees that there have been several gasoline thefts from homeowners – mainly from snowmobiles that were parked in the parking lot. He asked that everyone help by being observant and noting who is in the area.
9. Committee Reports:
- a. Covenant and Regulation Exploration Committee: Rich Ostrum reported that this committee is working to rewrite the covenants and regulations. He stated that they intend to include a lot of the work from the previous committee. Rich also commented on information provided by Star and Eric on systems built homes.
 - b. Long Range Planning: Carla Vavrik reported on the activities of the Long Range Planning Committee. It is intended that this committee will be an on-going committee of the Board and that the plan that is adopted by the Board be reviewed and updated every year. She stated that the committee is preparing a survey which will be sent to all homeowners in March or April of this year. This survey will seek homeowner opinions and priorities on several areas of life here on the mountain. She asked that suggestions for potential topics for this survey be communicated to her as soon as possible. She also emphasized the importance of homeowners completing this survey because it will become a vital tool in directing Board activities and efforts in the future.
 - c. Fire House: Assistant Fire Chief, Bill Boulter reported that, since the last meeting in October, the fire department had successfully dealt with several medical emergencies. He stated that Martha Cook had put together a helicopter response team after the one helicopter extraction that occurred pointed out the need for such a team. Bill reported

that the fire department had acquired a new 4-stroke snowmobile and that they sold one of their old machines. He commented that the ladder truck had been sold and that they were looking for a smaller brush truck to help meet the fire fighting needs of the community. Bill stated that several volunteers responded to a request by the Gunnison Fire Department and assisted in fighting a brush fire that occurred north of the area just off Highway 50. Finally, he stated that the main topic of the February 4th meeting of the fire department will to discuss the future of the July 4th picnic. Since we are now a fire district and will be receiving tax funds, the funding emphasis for this picnic has changed. The fire department is planning to conduct a search and rescue training session on February 11th. The spring fire fighting games will be held on March 7th with a chili cook-off after the games.

10. Heavy equipment report: Ralph Ambruster apologized for “closing” the Alpine. This was a miscommunication and was meant to state that they would not be plowing the Alpine until the weather cleared. He reported that, as a result of this major snowstorm over Christmas, he has given the maintenance staff a standing order that they not try to plow the roads or parking lot under white-out conditions. He also stated that, over the next year, he will be transitioning his maintenance duties to Don Koeltzow.
 - a. Grader lease: The grader that we own lost its clutch which also damaged one of the drive shafts and the hydraulic pump. Parts are no longer available for this machine and would have to be made special. The machine is worth approximately \$20,000. Parts and labor costs for repair of this machine are approximately \$10,000. Ralph Ambruster reported that he and some of his maintenance crew found a better grader in Grand Junction. This machine is 18 years newer than our current machine. It comes with a hydraulic wing, a more powerful engine, power to all 6 wheels, and new chains. It also has some warranty on it. The total cost for this grader is approximately \$150,000. We will put on additional needed lights. We plan to lease this machine for 4 years after which we will own this machine. John Deere will allow us \$12,500 on our old grader plus pick up the parts and labor costs (approximately \$10,000) to get it in running condition for a total value of \$22,500 for this machine. Paul McDermott reported that we have examined two leasing operations – one through John Deere (at 10.5 % interest) and another through Alpine Bank. We have decided to lease the unit through the Alpine Bank for 4 years because they have a much lower interest rate (a maximum of 7.25%). However, we will be using some of our CDs at Alpine as security so this interest rate could be lower. We could not get an extended warranty through John Deere but are searching for other warranty options. Ralph moved that the Board enter into a lease for this grader and use the needed CDs to secure this lease, motion was seconded by Randy Touslee, and the motion passed. The attendees expressed their appreciation to the road crew for their excellent service.
 - b. Stump dump. Ralph Ambruster reported that the current contract for the stump dump expires in May of 2010. The Board is examining alternatives including air burners that are capable of combusting the material that is taken to the stump dump. Rich Ostrum is heading the investigation of these alternatives.
 - c. Trail maintenance with the groomer. Ralph Ambruster reported that he has established a team of groomer operators headed by Ron Benson and including Eric

Johnson, John Cook, and Jim Gelsomini. They plan to groom the Association trails on a regular basis as needed.

- d. AIA representative for Alpine Road. Ralph Ambruster reported that Rich Leary has agreed to continue to serve as the AIA representative in discussions with Gunnison County, BLM, the Forest Service, and the logging company concerning the maintenance and activities on the Alpine Road.
11. Liaison with Gunnison County: Don Koeltzow agreed to serve as the liaison with the Gunnison Board of County Commissioners.
12. Amendment of the 2009 budget to include the equipment lease: Paul McDermott moved that the 2009 budget be amended to include the equipment lease, motion was seconded by Rich Ostrum, and the motion passed.
13. Election of Board Officers: Ralph Ambruster moved that the following people be unanimously accepted as AIA Board officers: Paul McDermott – President; Kathy Leary – Vice President; Randy Touslee – Treasurer; and Don Koeltzow – Secretary. Kathy Leary seconded the motion and the motion passed. The attendees thanked Kathy for an excellent job as present during 2008.
14. Designation of officers as signatories on AIA CDs and money market accounts: Paul McDermott moved that the Board President, Vice President, Treasurer, and Secretary be authorized to sign for the association with a requirement that 2 signatures are required for transactions over \$5,000. Rich Ostrum seconded the motion, and the motion passed.
15. Announcements: Kathy Leary announced that the following dates had been established by the Board: The annual meeting and new owners reception will be held on Saturday, July 18; the winter residents meeting will be held on Saturday, September 19; Tuesday, June 30, and Saturday, August 8, will be designated as “clean up” days; the close of nominations for the John Krall Award will be Tuesday, June 30; and the last day for receiving letters of interest to fill Board positions from persons who are interested in serving on the Board will be Friday, July 31.
16. Adjournment: Ralph Ambruster moved the we adjourn, Rich Ostrum seconded the motion, and the motion passed. The meeting was adjourned at 3:30 pm. The next Board meeting will be March 21 at 2 pm, location to be determined.