

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION
OCTOBER 16, 2009

BOARD MEMBERS PRESENT: Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

STAFF PRESENT: Jim Riley, Brianne Hovey, and Stephanie Fanos

STAFF EXCUSED: Erin Neer and Leanne Hart

OTHERS PRESENT: Ron Brumley (Telluride Web TV), Catherine Jett, Kate Rideout (MTI), Scott McQuade (MTI), Meehan Fee, Dean Rolley, Sonchia Jilek (Pinhead Institute), Stephen Barrett (KOTO News), Nichole Zangara (TMV), Paul Major (Telluride Foundation), Paolo Canclini (La Piazza), Greg Sparks (TMV), Elizabeth Temple (Telluride Film Festival), Kate Wadley, and Krissy Webster (Telluride Film Festival)

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- 1) **Call to Order** – President Sharp called the meeting to order at 1:03 pm.
 - 2) **Discussion of 2010 Proposed TMVOA Budget Draft** – President Sharp addressed the differences between the first draft of the budget and the current budget highlighting Guest Services and a Group Sales Manager. He then called on Director Riley or Director Volponi to provide further input. Director Volponi explained that they met with Scott McQuade regarding the Guest Services program including airport stations, Oak Street, and the Mountain Village entrance. Scott McQuade and MTI have previously presented the board with several options regarding Guest Services. Director Riley added that the Budget Committee had met and discussed these options with Scott McQuade. President Sharp explained that MTI had three options and their respective costs; the Budget Committee decided to pursue option A with a presence in Montrose Airport. He added that they would like to pursue assistance with this cost through the City of Montrose. Director Volponi asked if Scott McQuade could explain version A. Scott McQuade explained how MTI looked at the whole budget. They looked at the status quo, which is what was initiated this year with existing budget cutbacks, and used that as a starting point. For each of the three options proposed MTI looked at every station and its importance and then cut back on non-peak times. In all three versions, the summer and winter dates exclude shoulder seasons. MTI did cut back significantly, but will still be able to provide assistance to visitors. Version A cuts 60% off the original budget, and almost 50% off the slimmed down budget from 2009. While version A does cut back on costs significantly, MTI did their best to keep as many stations as possible in play. One way they are able to do that is by seeking a public partnership with Montrose, both with the airport and CBC. [Director Proteau arrived at 1:11pm.] They left Montrose in the plan because it is one of the most frequently visited stations with the majority of questions about Telluride in the winter. In the summer questions shift dramatically and are not related to Telluride, so the station will be pulled then. Version A also keeps the Mountain Village Entrance Gate in

play. Town Hall will really be the most useful station in the Village, and it may move around this winter to capture as much guest interaction as possible. Director Zemke asked about Montrose presence. From his experience, Guest Services is a person standing behind a table and it seems like an afterthought. Scott McQuade said it often seems chaotic and there are times when many flights come in at one time. Part of the problem is the dysfunction of the airport, which is not big enough. When visitors encounter problems the airlines' desks fill up as well as the rental car and shuttle car desks. The Guest Services station acts as a buffer to get people set up. Mr. McQuade said a lot of the questions are transportation related; people land and think they are in Telluride. The station is the first touch point and MTI feels that is important. He added that they would like to get as much public support and participation as possible. The ultimate goal is to back that kiosk out of TMVOA's responsibility. Last winter there were over 6,000 people who visited that station. Director Greenspan asked for clarification regarding public participation. Scott McQuade said MTI would like to see participation from the airport, the Air Organization and the Montrose CBC. He believes he can get a good portion of the funding down the road, but maybe not all of it. Director Riley asked about the \$198,000 shown under the line item on the proposed budget, but the total for version A is \$165,000 assuming a 20,000 credit. Even if you added the \$20,000 credit back it would be \$185,000, Director Riley asked where the \$198,000 figure came from. Director Volponi asked if it was a math error and if it should be \$185,000 before a \$10,000 contribution that would bring it down to \$175,000. Scott McQuade said it should be \$185,000 with a \$20,000 contribution. Director Riley said that on page two of the budget it says \$198,000 and it should say \$185,000. Brianne Hovey said the reason for that was because the actual schedule for Guest Services includes the potential to fund parking. Director Riley asked how certain it was that there would be a \$20,000 credit. Scott McQuade said not that certain. Director Riley said he thinks the \$20,000 should be added back in and then work to get the credit. President Sharp clarified that the line item would be increased to \$218,000. Director Zemke said there is a sizable difference between version A and version C, and asked Scott McQuade to explain what the difference would be from a visitor's perspective. Scott McQuade used an example of a winter visitor coming into Montrose on a busy day. The first personal encounter may not happen until a visitor goes into the plaza or Oak Street to get information regarding Mountain Village. Mr. McQuade thinks Oak Street is a lifeline and it sees the largest number of visitors, most of whom ask what is on the other side of the Gondola. This is question comes up most in the summer, however even in the winter people ask about restaurants and shopping in Mountain Village. There is the ability of a visitor's first interaction being at Town Hall, but it fairly minimal as far as touch points go. President Sharp commented about people thinking that they were arriving in Telluride; he said he had once called United and booked a ticket to Telluride and was sold a ticket to Montrose. Scott McQuade said it comes up and it is a dilemma but it's a catch 22 because if you pull Telluride off the airport name then people do not associate Montrose airport with the Telluride experience. He added that it does however provide confusion. President Sharp said it is easier to keep a customer than it is to go out and find a new one and that's really what the Guest Services is all about. He then asked for public comment. There was none.

President Sharp asked Scott McQuade to lay out his personnel dilemma to the board. Scott McQuade said several employees' last day is this weekend with the closing of the Gondola. There is a lot of uncertainty for these employees as to whether or not they will be returning to a job. He said a decision sooner, if not today, would be better. He would love to have employees leave town knowing that they have a job to return to. If a decision is not made until November then there is only two weeks before season starts and he doesn't want to lose people due to uncertainty or to make people wait to know if they have a job. The sooner MTI knows what the budget will be, the better. President Sharp asked Stephanie Fanos if the board can attempt to provide an answer without passing budget. Stephanie Fanos said yes, primarily because there is an existing contract in place.

President Sharp pointed out the next line item is titled "Group Sales/Conferences Support" and is the single biggest line item in the discretionary budget. He said that this item came about from conversations between President Sharp and Director Riley about spending money that could immediately have an impact on the economy. He said TMVOA has been providing funding to events and festivals without much knowledge of a return on investment. President Sharp said they are essentially proposing to find the best meeting planner/sales person and bring them to Mountain Village. This would be someone who knows the business, is very well skilled, and has a Rolodex of contacts to bring in conferences and groups. The number is big because if it is worth doing, it is worth doing right. President Sharp said he has spoken with Scott McQuade about having this person be on the staff of MTI. The details have not been figured out, but the concept is being developed. Director Riley said he feels strongly that with the Capella, Lumiere, and the Peaks open with a great conference center that is not performing due to a lack of resources. The budget that has been created is enough to hire a really good person and support that person with the resources they need to perform well. He believes that this investment should continue, that would be his hope. This is one investment that TMVOA will be able to measure the ROI. The person in the role would need to coordinate with the hotels and conference center to see results. He said it is a lot like the new regional marketing system with MTI, TSG, etc to make sure that there is no overlapping. Director Zemke said he agrees with sentiment. However, this is a large sum of money, and he wants to know if the budget committee discussed the proportions of this item and how the money will be disbursed. He said he would hope that some the money will be used for marketing and pulling people in from the Front Range. President Sharp said they have not gotten into the details but that they envisioned a well-paid person with a budget to travel and bring people in. He referenced when Director Zemke's wife brings people in, she has only ever lost one person once they have visited. The Budget Committee has not fought through the details, but picked a number as a placeholder to get the conversation going and see if there is interest there. Of all of the money TMVOA could spend on anything, the board will not have to wonder what the return is because it will be easy to see the ROI. Director Sweet asked about the total dollar amount. President Sharp said \$250,000. Director Sweet said he has seen this topic, and has no problem with the idea, he has seen it happen many times in the last 10 years. He said there are so many challenges to make this work. It's not a bad idea, but the timing is problematic. He feels it will be two years before you'll see this work. Director Sweet thinks this is outside TMVOA's mission and should be done with tax dollars and by getting the lodgers involved. He said it is not a bad idea but he does not feel this is a good way to handle it and he thinks there will be a lot of push back from the members. He would love to get feedback from the lodging community and see how this isn't a duplication of their own sales efforts. Director Volponi said he agrees with what Director Riley said, that this is the single biggest thing that TMVOA can do. Each hotel has own marketing team, but you need to get involved in the destination sale and need an entity that can bring together a community effort with the hotels. You need a person who is constantly going to meet meeting planners and this person needs to work towards a year round resort. He said there are times of the year when it is hard to attract people to Mountain Village and that affects businesses and residents. Director Volponi feels it is an appropriate use of funds and it will be a several year commitment. Director Proteau said he had a conversation with two residential members who said that the Conference Center is underutilized. He said this is the kind of thing that has a ripple effect. Someone comes for a conference and they come back for a visit, or they pass along the experience to someone else. Director Zemke said he has a limited perspective, but his understanding is that you need to spend money to make money. He loves the events and festivals, but isn't sure they have the same effect. Payout in the long run will payoff far greater than to continue to throw money at events. Director Volponi said another thing to consider is the future impact on real estate and that is beneficial to everyone. Director Greenspan said he doesn't think there is a merchant who would not support this. But he wants to make sure to keep the balance, that when you bring someone in to look at hosting a meeting in Mountain Village there is a product here that this person can sell. His concern is that losing events could impact the product this person would be selling. Director Sweet asked if Scott McQuade is still present.

He asked Scott McQuade if Margaret Crusavalle was involved in this type of sales and how long she did it and who is doing it now. He's not against it, but wants the history. Scott McQuade said three and a half years ago when he came to Telluride TMCVB, which was directly related to Conference Center, had ceased operation and was MTI re-formed. When MTI was re-formed there was a specific funding source for TMCVB to do group and conference sales, in addition to the lodging taxes in Mountain Village, and that direct funding line item went away. He came in with a group sales department, but no way to fund. In that time Mountain Village contributed some funding but with no particular contract or funding source and the line item became a marketing line item. Mountain Village continues to contribute to the marketing but the amount fluctuates. In 2005 there were three sales people overseen by a Director of Sales, and they kept that mechanism in place. The funding mechanism is not there or isn't stable, it fluctuates between \$60,000 and \$80,000 per year, which is basically enough for one employee with a few trade shows squeezed in. He feels they have had success even with the limited budget. Last night solidified that for him, with 30 meeting planners from Meeting Professionals International checking out Telluride. After Mr. McQuade introduced the mayor, a person from St. Petersburg, FL took him aside and said the first thing he did upon arriving was pick up his cell phone and call two clients and say "I have the next place for you". He said after leaving the hotel, several bars were filled and a group was gathered around the fireplace. Mr. McQuade said as he was walking around the core, he realized this is what this is about. It creates vitality. He said when he took the Gondola back to town, there was a lot of activity in the Village, where as in Telluride a lot of things had shut because the hotels didn't have guests, but the Core was still going. He said that is a little background of what MTI is doing and they are doing the best they can with the resources available. Director Sweet asked if MTI focused their group sales efforts on Mountain Village and conference sales. Scott McQuade said 95% of groups go to Mountain Village for accommodations; MTI is highly focused on corporate market and they are looking for larger hotels. He said there are a few exceptions when people will say they want to put a few people in Telluride. Director Sweet asked if Mr. McQuade would support exactly the kind of budgeting and funding the board is proposing. Scott McQuade explained different things MTI has tried in the past. The most productive technique is having sales people out there, as well as bringing people in. This weekend is a prime example, but you cannot always do that, particularly during the peak season. With MTI's efforts, 2007 was the best year for hotels and conferences with staff of three on board. The more people involved, the better the return. Director Sweet asked if there wasn't an effort to replace Margaret when she left. Mr. McQuade said he wasn't there when Margaret was but his understanding is that she was the Operations Director and Jessica Taylor, Monica Bowman and Shad made up the team of three and they each had different concentrations. Director Sweet said it's not like this hasn't been done before and he is concerned as to why group sales vanished and is now becoming TMVOA's responsibility. He suggested match funding this item with Town of Telluride and other entities like TSG who would benefit. He has a hard time accepting that TMVOA gets tagged to solve problems with its limited resources. The problem is shared by many and the solution should be part of a group effort. Director Riley said it is not TMVOA by itself. The ski company has four people on staff to do this. Director Volponi said the Capella has people on the east and west coasts as well as people here working on group sales. Director Riley said no one is putting this on TMVOA, TMVOA is actually recognizing it as an investment that will help the economy here. He said a destination like this will benefit from a person who will stay here and who will have the resources. MTI is the best organization to do so. TMVOA wants a person to sell Mountain Village. Director Riley suggested forming a subcommittee with MTI to develop a plan for accountability and an agreement for how the money is to be spent. He said much like regional marketing meetings, there would be many people involved to coordinate efforts and get results. Any remote mountain destination has to be good at this, and we're not good at this right now. Other destinations put their resources into group and conference and fill in the gaps with FIT. He said people are angry over the empty conference center and this is the way to fill it. He said he hears people ask why we need more hot beds if the ones we have aren't being filled. He said everything that can be done to increase

occupancy at the hotels should be done. Director Riley said the Summit of Early Childhood Education that was in town a few weeks back is an example of exactly what this resort needs. President Sharp said that until we can demonstrate the ability to bring groups in during the summer, a developer is not going to come in to Mountain Village to build another hotel to sit empty. He addressed Director Sweet, saying that his priority is to put excess TMVOA funds into brick and mortar. He added that this is a special period and if TMVOA is going to spend any money on Economic Development, money is best spent in this area. Director Sweet said he is not against group sales, he loves group sales, but if it is in the budget the board is going to need a solid justification to the members and there needs to be an illustrated road to result. He added that if the members agree to this, the money needs to be spent very carefully. President Sharp said the board would not write a check and walk away; there would be vigilant oversight on how the money was being spent. Director Volponi said there would be a budget, etc. in order to measure results year after year. President Sharp added that he agrees with Director Sweet that this operation should be a joint deal between the ski company and the hotels. President Sharp asked Scott McQuade if TMVOA goes down this road, if the Peaks comes on line and with the Capella up and running, does that change how well the region will to sell to groups. Scott McQuade said it depends on the groups you're selling to. It was interesting regarding Google, some people said they should not have gone after Google because they were too big and it wasn't going to work. Mr. McQuade said it was pushing the limits of the ability to host such a large group, but we were very close. He said the Room types are not consistent, which can be a problem, but if you get them here, chances are very high that you will get the group. In the same respect, using Google as an example, they were looking for a 5 year contract. They did not sign a contract with the destination they went with, and he thinks we may see them again. He added the more activity we create, the more reason the hotels have to add bed base and work on updates. He said unlike other destinations, group business does not make up the majority of the business in the region. He said Telluride does have a really healthy FIT business and if we can get groups, we'll be in very good shape. Director Zemke said there is a good test group coming up with the world cup, which is expected to have 150 to 200 people coming through town. He thinks we are headed in right direction, but could certainly put more grease in the wheels. President Sharp asked for public comment.

Stephen Barrett (KOTO), noticed regional marketing zeroed out, he asked if it is correct to relate that to group sales. Director Riley said that basically a combination of several things TMVOA supported such things as a website for MTI, regional marketing, as well as a video. He said you could correlate the two, but this is clearly a different scope of work. This is purely for group and corporate sales, where as the money last year went towards one off projects. Stephen Barrett asked if in creating this item, the board is thinking about shifting resources. Director Riley said some of the projects were a one time only expense, such as the website. And in lieu of giving MTI money for regional advertising, TMVOA is doing group sales. He added that it's simply coincidental that dollar amounts are close. President Sharp asked if there was further comment. President Sharp commented that the draft budget from this meeting will be posted on Monday for public comment and review. The final budget meeting will be on November 18th. There will be additional revisions and conversations between today and November 18th. What comes out of this meeting is by no means final. Cath Jett said that she thinks this is a good idea, and with Scott saying that 95% of groups stay in Mountain Village, she asked if, by adding this budget item, the board is saying that they are not doing a good enough job. President Sharp said no, they are not going to duplicate efforts; the Budget Committee hasn't gone into detail and are at a conceptual level on this. He said Scott McQuade was at the last Budget Committee meeting to discuss if a concept like this would integrate with what MTI is doing. Right now, the Budget Committee envisions MTI as the facilitator. One concern the committee did have was of the different sales people (hotels, MTI, etc.) going after the same groups independently. He added that there is already a cooperative effort and that would be continued to make sure multiple people were not calling on the same accounts. Cath Jett asked if the individual they are looking to hire will be on

Scott McQuade's staff. President Sharp and Director Volponi said yes. President Sharp asked Scott McQuade to address current level of cooperation. Scott McQuade said MTI acts as the cooperater of efforts between the different lodgers. MTI meets with the lodgers regularly to discuss group sales efforts and has been bringing the lodgers to trade shows. The idea is that MTI would be able to do more of that. They'd be able to have a bigger team. They'd really be able to ramp up and expand the group effort. President Sharp asked if there was further comment.

President Sharp said he jumped immediately to those two items because they are the most significant changes. President Sharp then commented on RETA receipts. He said there is no reason to assume that RETA is going to get any better. Assessments are not going to change significantly either. The Revenue side of the budget, TMVOA does not have much control over, and there is no evidence of the current levels changing soon. In Operating Expenses, the Management and Administration costs have not changed since last meeting. He commented on the Gondola, saying the budget is not cast in concrete. There are labor reductions in the Gondola budget but they are almost completely offset by employee benefit cost increases. President Sharp made sure everyone understood the number for the line item is based upon the late night extended hours. It does not however, include the extended two weeks at the end of ski season. He added that the committee has a joint meeting with Town and the transportation committee, as well as input from the last board meeting, everyone seemed pretty adamant that extra hours are necessary. He said he was looking for comment from the board. Director Proteau asked about the dates at the end of the season. Director Greenspan said there were several ideas to extend into off-season. President Sharp explained that the ski area and lodgers benefit, and said that they cannot sell to groups without the extended hours. Director Greenspan said it is important in the future to look to shorten the off seasons. Scott McQuade asked if the Town of Telluride helped to fund a portion of Gondola operations. Stephanie Fanos said the Town and the County have an agreement to do that in the fall off-season. She added that there was a request for increased funding due to an increase in operating costs and the Town of Telluride rejected that request. President Sharp said he was almost certain the Town of Telluride had zeroed out the Gondola funding. President Sharp moved onto the Events line item. He said the total Events budget is \$233,500. The events involved are: Telluride Gay Ski Week, Sunset Concert Series, and Telluride Festival of the Arts. President Sharp asked Stephanie Fanos to address the Telluride Festival of the Arts because she has been involved in negotiations with Cherry Creek Arts Festival to bring this line item to zero. Stephanie Fanos said she has been in conversations with Cherry Creek regarding TFA. She said she is confident they can work out something that is well south of \$90,000 and realize a significant savings. She added that since the negotiations are ongoing she did not want to go into a lot of detail at this time unless the board went into executive session. Director Volponi asked if canceling was an option. Stephanie Fanos said there are many options. Director Riley asked if the board could go into executive session at the end of meeting to discuss. Stephanie Fanos agreed. President Sharp provided some background information. He said TMVOA has a three year contract with the Cherry Creek Arts Festival, the board is faced with the dilemma of producing at \$130,000, or to cancel but pay a penalty of \$43,000. President Sharp said Gay Ski Week has been acknowledged as putting a lot of people in town. The consensus of the Budget Committee is that TMVOA can expect decent return on the event. President Sharp moved forward to discuss the Sunset Concert Series; the line item shows a number of \$50,000 as place holder. He said the board has received many emails in support of and against this event. More in support than against. He said this is something that is hard to see the economic benefit, other than that of a few merchants. The other argument is that it is a benefit for the residential owners. Director Riley said he thinks this spreadsheet might have an error because it shows he is recommending spending \$50,000 and he is not. He is recommending doing the event at no cost through the staff working on sponsorships and the potential of charging a nominal fee. He wants to restructure the event. There might be a need to have fewer concerts and to only put them on at high peak times when the odds are better to create a revenue stream to pay for the event. Director

Greenspan said this is one of the more heavily debated topics. He feels that there is a need for a redesign of the event, but recognizes that this event gives Mountain Village an identity and it is tandem with Group Sales conversation. You have to have something to sell. He is really concerned that by eliminating activities you are eliminating identity. He added that the place holder of \$50,000 was not there 24 hours ago. He said he doesn't have a problem with charging a nominal fee for the concerts. In order to do that you have to go through a whole process with the DRB to make sure there are no challenges from community. It's not as easy as putting up a fence. He feels if TMVOA does that they will lose the entire event and it will collapse. Director Greenspan is in favor of going after sponsorships and graduating to a ticketing system. He added that \$50,000 is not enough, but it is a start. Director Proteau commented along the line of Director Riley's comments. There are ways to continue without expense. He feels it is a great place for homeowners and residents to socialize. With more of a local band or more sponsorships, it could still be a good event for homeowners. As far as conferences, conventions, etc. that come to town bring in entertainment on their own. He thinks there are plenty of things to do in the area like hiking and fly fishing that still provide positive experience. Director Zemke said he is encouraged by what staff did last year with getting sponsorships and thinks it was a great start. He has spoken with local bands and knows they would love to play on a bigger stage like that at the Sunset Concerts. He thinks there could be more of a local flavor and that would cut down on costs. Director Zemke disagrees with Director Greenspan regarding timing to start charging for the concerts. It is October and there is time where TMVOA could charge a gate by next summer. It is possible. He wants to see a business model. He added that he liked Bingo's comment in his email, that the concert is the place to be on Wednesday night. Director Volponi said he thinks the concerts are important and he is glad to see that they were not eliminated. He added that the concerts do add vitality to core, but the reality is there are limited funds. He believes it is important not to eliminate the Sunset Concert Series entirely but there needs to be a compromise. He hopes there can eventually be a combination of free concerts and paid concerts. President Sharp explained how the Budget Committee arrived at the numbers. The committee went through the same process of rating A-B-C. President Sharp said he picked the \$50,000 number as a place holder as it was the middle of the road in terms of what board members had said they wanted to see for funding. He said this is a hot topic and asked for public comment. Director Sweet said he concurred with Director Volponi's comments. Dean Rolley said he has a vested interest because he has run the sound for the concert series for the last 6-7 years and he of course wants to see them continue. He added that he would volunteer his services on his own dime to figure out a way to keep them going. A lot of people from Telluride only come up to Mountain Village in the summer for concerts. He said there probably are a number of people who would chip in, and thinks maybe admission should be charged at the bigger shows. He believes it is important to keep the concerts going on a weekly basis. He thinks money can be saved by going local with some bands and, while he doesn't know particulars of staffing, suggested streamlining. He suggested the possibility of businesses setting up tents with merchandise as a way for the concert to have an economic effect on more Core businesses. Mr. Rolley said he would like to be kept in touch with regarding the concerts and would hate to see them disappear. President Sharp said one of the avenues TMVOA might be able to pursue is with a lot of volunteer effort. He added that he has had people contact him saying they would be happy to volunteer. President Sharp said the staff has done a great job searching out sponsorships, but the reality is that they don't have the time to make this priority number one. He agrees with the concept that TMVOA should be able to put this together through sponsorships and donations. He also mentioned that they ran a survey last year and it showed that half of the people come up from Telluride. Additionally most people indicated a willingness to pay a certain amount. President Sharp said that one of the members who has experience in the music business went to the Sheridan and they said they could put each concert on for as low as \$10,000 per concert. President Sharp asked the board what to do with this line item. He had arbitrarily placed \$50,000 as a place holder. Director Riley said he still is on \$0 and would like to see it happen for \$0 with some changes. He said he is only one vote. Director Greenspan said he is on the opposite side of

spectrum. He said the concerts bring people from Telluride to Mountain Village which is exactly the goal of the event, to get more people in Mountain Village. At least one day a week for 10 weeks, reverse of trend of people leaving Mountain Village to go to Telluride. He's not saying bring back to full scope, but chop off the bookends and hold eight concerts instead of 10. He added that the Sunset Concert Series is one of the few things that the residential group gets from their assessments. Director Riley asked Scott McQuade what MTI's surveys found with respect to the percentage of people attending who from out of town. Scott McQuade said that question was not on MTI's survey. They asked three questions. The main one of interest was, did they attend the Sunset Concert Series while here. They also asked if people would have attended if it was not free; 22% said they would pay, 30% would, but depends upon price and band. These results are from a mid August sampling of 800 people. Over 50% said they would pay. The final question on the survey was while they were there for events if they shopped, dined and/or stayed in Mountain Village. 62% said they had visited a merchant, 51% said they had dined and 28% of respondents were staying in Mountain Village lodging. Director Proteau said he wants to continue the series but change the approach. He said it is important that the board is clear to the public that they do not want to cancel the concert series but that they are unable to fund as they have done in the past. Director Volponi asked if Director Proteau was advocating to start at \$0. Director Proteau said yes; start there. Director Volponi said he does not think it is realistic to get through 2010 series with zero funding. He thinks there needs to be some seed money because it is going to be very challenging to get full sponsorships right off the bat. Director Riley said the entire series used to cost \$50,000 without any sponsorship. Director Greenspan said that is the reason why the community asked for an upgrade. Director Proteau asked Director Volponi how he sees this seed being used. Director Volponi said he sees it as a way to preserve the concert series in some format, probably with less expensive bands. He said even with less expensive bands there are expenses to set up the stage and the sounds systems, and expenses related with the bands. He said perhaps TMVOA could sponsorship to help with lodging for the bands. This seed money would provide so that they are not eliminated entirely. Director Zemke asked staff to speak. Jim Riley said when they were looking at \$58,000 for the concert series, the fees associated included: use of the TMVOA owned stage that was left up all summer with the tents in place as well. TMVOA/Town staff were used to set up the green room and help with production. Besides Dean Rolley and bands, the only additional cost was food. As of a few years ago there were requests to upgrade the concerts. There were issues with the stage, tenting, and equipment. That is when they began working with All Phases Production to bring in the stage that is now in use. Cost has gone up due to Town and TMVOA splitting, issues with equipment, and requests from the public to bring in better acts. Director Riley asked how much sponsorship revenue was brought in last year. Jim Riley said he did not know the exact number, but that the majority, if not all of the lodging for the bands was covered and that the food was provided by the Mountain Village Market. Director Greenspan verified that the sponsorships were mostly in kind. Jim Riley said yes, they were a mixture of in kind and cash. Stephanie Fanos explained that it is hard to put an exact number on sponsorships for the Sunset Concert Series because most of the sponsors paid one fee for all summer events. President Sharp said he thought the total sponsorship revenue was somewhere around \$160,000. Stephanie Fanos said it was something along those lines and it was because they were able to package it for multiple events. Jim Riley said total sponsorships for the Telluride Festival of the Arts, the Sunset Concert Series and the Red, White and Blues concert was \$160,000 and there was an additional \$15,000 for Gay Ski Week. Director Proteau asked what made up the biggest expense of the Sunset Concert Series. Jim Riley said the bands and the associated production costs. President Sharp said he feels the entire board wants to see the series continue. To rephrase what Director Volponi referred to as seed money, he would recharacterize as making up the difference money. He said the decision the board needs to make is for the budget; to zero it out and work really hard to generate funds and then have an implicit guarantee that if it falls short, TMVOA can either edit budget or eliminate a concert. Or the board can leave some money in the budget as potential make up the difference funds and then hope that it can be reduced to zero. Director Zemke said he was

uncomfortable leaving the item at zero for the same reasons Director Volponi stated. He said the staff has done a great job getting contributions. Nobody wants to see it go, but you have to give the staff a little something to get going. Director Sweet suggested the board commit to eight concerts at 10,000 apiece for a total budget of \$80,000. Or, ideally the budget would be \$50,000 with the goal to get \$30,000 in sponsorships and build it from there. Without money to work with, you cannot maximize. Director Sweet said he is willing to go between \$50,000 and 100,000 knowing that staff will go after sponsorships. Director Greenspan said he supports that as a compromise. President Sharp said he supports that approach as well, but asked the budget is 100,000 instead of 50,000, does that imply that the staff does not need to work as hard to get sponsorships. He added that he does agree there needs to be some number that so that the staff can start booking bands and events. Stephanie Fanos said in working on sponsorship agreements, the staff will not be able to get sponsorships without being able to commit to the sponsor that they will get something in return. The agreements state that there will be a certain number of concerts. Director Zemke asked how you can go to a sponsor and ask for help if the sponsor sees the board won't even help fund the concerts. He thinks the board needs to earmark something. Director Proteau asked what the total cost was last year. President Sharp said \$170,000. Director Proteau asked if that included sponsor money or if that was what TMVOA paid. Jim Riley said that was the total cost to TMVOA. Paolo Canclini from La Piazza said it seems like the board is not considering the Economic Development aspect of the concert series, but simply as discussing whether or not to fund. He asked which would be better, to sponsor the event and get the revenue or for the Village to be empty. Director Zemke asked Paolo how La Piazza does on Wednesday nights. Paolo Canclini said very well. He said at the first concerts years ago there was just a handful of people and now there are hundreds of people. He believes the concerts are not long enough. If they were longer people would get dessert and coffee and spend more money. As it is now, everything dies off around 7:30 when everyone goes back to Telluride. He thinks it is the best event that Mountain Village has had in 11 years; La Piazza sees a big difference. They are trying hard to stay in business. He said he wished he could add \$50,000 to keep the concerts going. Director Zemke said he is smiling because he has been waiting for La Piazza and Poacher's to come and say don't let this go. Director Zemke asked if Mr. Canclini knew the percentage of business they do on Wednesday nights. Mr. Canclini said he gave that information to Jim Riley. Jim Riley said, on average, La Piazza saw 35% - 40% of their weekly business on Wednesday nights out of seven nights of the week. Paolo Canclini said if the concerts goes, La Piazza is going to go; that's how it is. He said they are very committed to the Town of Mountain Village, but what else can they do to be there. He asked what can be done to build Mountain Village up. Mr. Canclini said we need people in the Village and to promote Town as a luxury resort. We need to go after the international market, get Europeans here, get the Brazilians here; the exchange rate is in their favor. He said all of his customers from Rustico come up to Mountain Village on Wednesdays and it does not matter who plays, but they do not come any other time. If TMVOA can do the series for less money by booking local bands, that is great; but when Roberta Fleck performed (part of Legends series at TCC) there were no seats available and people hung around and spent money that night. He asked where to go next; keep the concert series, move on to next thing to grow. President Sharp said if we had same economic impact on the entire Mountain Village rather than three businesses, this decision would be a no brainer. Cath Jett said other restaurants in the Village also see an increase. Maybe it's a way that the concert is marketed. She suggested that the concert be marketed differently to draw people into the Core rather than walk right by on their way to the stage area; need to really get behind all of the merchants. She added that she disagrees that hiking and biking are the only reasons that people come. There are people that come up to shop, etc. Director Volponi said the restaurants at the Capella do a tremendous amount of business after the concert. Dean Rolley said he thinks some of the other restaurants would benefit if they had carts to sell their food because the atmosphere of the concert is really that of a picnic. President Sharp said everyone wants to see the concert series continue, it is a matter of how to handle it budget wise. He asked if the board should zero it out, and if need be go back ask for money to adjust later. Director Volponi said he would prefer to put

money in the budget and then try to offset. President Sharp asked Stephanie Fanos if the board should vote on each line item as they go or wait to the end of the process. Stephanie Fanos said either way is fine; if there is a good consensus, then the board can wait until the end for a motion to approve that draft budget. President Sharp on this item he thinks the board should do a straw poll. Director Riley voted to zero the line item out. Director Zemke, Director Proteau, Director Volponi and President Sharp voted to leave the line item at \$50,000. Director Greenspan voted to increase the line item to \$80,000, while going in a direction of getting the number to zero. Director Sweet voted to increase the line item to \$75,000 with direction to staff to get \$25,000 in sponsorships and to go after better acts if they are able to get more in sponsorships. President Sharp clarified with Director Sweet that he wants to use any sponsorships over \$25,000 to get better acts and not work to decrease TMVOA's investment. Director Sweet said down the road it would be great if sponsors paid for the whole thing, but doesn't want attendance to go down because the quality of acts has gone down. President Sharp said the staff was able to raise more money he'd be comfortable with the \$75,000 figure, but he does not like the idea of using left over money for better acts. Director Greenspan said he sees the sponsorships working in two different ways; one to raise the caliber of acts, and one to bring cost down. Director Riley asked if there was any agreement as to whether the board wants to charge admission for the concerts. Director Greenspan said he thinks it will be hard to begin charging after 11 years of free shows. He thinks it would be losing more opportunity and stepping way back and he doesn't see it happening in the three to four months that they have to make it work. Director Greenspan asked who would make this happen; no one on the board has the time. Director Riley said the staff would do it. Director Proteau said if you have 500 or 800 people at each show and you charge \$10/person, that generates a lot of money and if you don't try it, you don't know if it will work. Director Greenspan said there would be a lot of logistics to work out, renting a stage, hiring security, ticket issuing entity, fences, etc. His biggest fear is everyone standing outside the fence watching the show. The other option of fencing off the complete area has a strong possibility of getting denied at DRB. Cath Jett fears they will lose people if there is a charge. She suggested dressing up a few town celebrities to walk around with donation hats. President Sharp said he would support the donation approach. Dean Rolley suggested selling raffle tickets. Price of the ticket would go to offsetting the cost. If there isn't a prize you can tell people they are buying carbon offsets. He said in Chicago they have free concerts on the lake front; he saw Ray Charles with 10,000 people. President Sharp returned to the budget. President Sharp changed vote for \$75,000 with the goal of getting costs to zero. Director Volponi said he would go along with that. President Sharp moved onto the other line items. There is a \$60,000 line item for Gay Ski Week, which is a significant reduction. The 4th of July is at \$20,000, New Years Eve is at \$10,000, Snowfest is at \$3,500 for sculptures, and a placeholder of \$90,000 for Telluride Festival of the Arts, which the board is hoping to reduce. Other than changing Sunset Concert Series from \$50,000 to \$75,000. He asked if there were any other comments. Telluride Festival of the Arts to be discussed in Executive session.

President Sharp moved forward to nonrecurring expenses. He said the board had already discussed the two biggest items, which is Guest Services and Group Sales. Director Riley said there is more to discuss in Guest Services because they need to have a conversation regarding parking. President Sharp explained the board received a Memo from the Town regarding parking. He asked Greg Sparks to speak. Greg Sparks spoke about ski season and the board's decision to get a head start on moving forward with parking problem each year. He said there was a meeting in July that included TSG, Town Council and some TMVOA board members regarding the cost of parking for ski season, no agreement was reached. Greg Sparks had a follow up meeting with Director Riley (as a TSG representative, not as a TMVOA representative), still there was no agreement. After that meeting, Mayor Delves approached Mr. Sparks and the Town's Transportation Department and asked how much it would cost the Town to manage the parking for ski season. Mr. Sparks said last season TSG was able to manage the parking for around \$60,000. The Town determined it would cost them around \$80,000 this season. Town Council directed Greg Sparks to

write a letter to TSG and TMVOA saying that the Town can provide management of overflow parking, but is not willing to pay for the program. The parking program needs a funding source - TSG, TMVOA, a charge to parking component, or any combination of the three. The Town Council has taken a strong position that there will not be parking on the street without a proper plan. Stephanie Fanos asked for clarifications regarding potential conflicts of interest. She said there was an obvious conflict with Director Greenspan because he is on Town Council. She asked for clarification as to whether or not Town Council was considering the ski season an event that would require TSG to file an event application. If this is the case there will be a conflict of interest for the TSG board members. Greg Sparks explained that there was conversation regarding events and that the ski season is considered an event and should be handled under events ordinances accordingly. The Town wants to pull TMVOA, the Town and TSG together and look at parking, and get everyone on the same page. He made it clear that from the Town Council's standpoint, parking on the road puts it into the event ordinance. Stephanie Fanos asked Mr. Sparks if he was saying that no parking can occur on Mountain Village Blvd. unless there is a TSG event application. Greg Sparks said yes, and since the cars would be predominately skiers it would be TSG's responsibility. Director Riley said so skiers don't eat, skiers don't go shopping? Greg Sparks said yes, skiers do do those things, but they are skiers and that is what is creating the overflow parking. Stephanie Fanos advised that the TSG board members and Director Greenspan should abstain from the conversation. Director Greenspan asked if they had to leave the room. Stephanie Fanos said no. President Sharp asked Greg what will happen with Bluegrass, will there be a collection for parking once the garage is full. Greg Sparks said Bluegrass has to pay for extended Gondola hours, extra police patrol and the effects of excess parking, if they do not get funding from someplace else. It is all defined in the event ordinance. Director Volponi asked how many spaces can be provided on the street. Greg Sparks said the number of days where overflow parking is needed is a small portion of the ski season. The times of big overflow during big holidays like Christmas, Spring break, etc. when there would be 150-200 cars. Director Volponi said that now that the Heritage Parking garage is open, there should be less overflow because of 116 public spaces. Greg Sparks said they anticipate the additional 116 spots helping, but it is \$2/hour for first 3 hours, with a max of \$30 per day and there is a limited number of people who will want to pay that cost. At the same time there will need to be staffing to help people get there. Director Volponi asked what the \$80,000 covers. Greg Sparks said staffing. Director Riley told Stephanie Fanos that TSG does not intend to fill out an event application. Asked if there is a conflict. Stephanie Fanos suggested that the issue be resolved with the Town prior to this discussion being held. Director Riley said the issue was resolved as far as he was concerned. He told Greg Sparks that TSG will not be filling out an application and added that the ski season is not an event. Director Volponi said that he agrees that the ski season is not an event. Greg Sparks said the Town Council believes that the season benefits the ski company and the Town but sees the expense of managing parking the responsibility of TSG. Director Riley said it is a municipal service. Cath Jett said if parking is a municipal service, then the Town should be able to charge for it. As a homeowner she feels the Town should be able to charge for parking to cover their expenses. Director Sweet asked if the Town can charge for street parking. Greg Sparks said the Town can charge for street parking, but by agreement with TSG, the Town cannot charge skiers and golfers in the gondola parking garage. Director Sweet asked why the Town doesn't collect for parking along the road like other resorts do. Greg Sparks said the Town is willing to do that. Director Volponi asked if that is where we are at; that if an entity does not pay for parking services, then Town will charge street parking. Director Riley said he was confused. He thought if there was no funding, then there would be no street parking allowed. Now he is hearing that the Town will charge for parking on the road. Greg Sparks said the Town would charge for street parking. That street parking would be cheaper if the Town could charge for parking in the structure. Stephanie Fanos asked about parking charges for the Capella parking garage. Greg Sparks said there is a maximum charge of \$30/day. It is \$2/hour for first 3 hours. Director Sweet said if Capella is charged and street parking not, no one will pay to park at Capella. President Sharp asked Mr. Sparks about the last sentence in the letter the

board received that says, there will be no parking on any street unless all costs of parking management are covered. Greg Sparks said they will have to make sure any money they bring in by charging for street parking covers the cost of managing the parking structure as well. It will become a get here early, can get close in and free parking situation. Director Riley said it is interesting, MTI did work on the value of visitors and it shows the income to the community in winter vs. summer. The results show our economy is clearly driven by winter visitors. We talk about what to do to make a stable economy and in the next breath you want to charge these visitors extra. He said if he were to drive into Mountain Village and see parking for \$10/day, he would drive down to Carhenge where he could park for free. He does not like the approach. Greg Sparks said it is the position of Town Council that the ski area should manage parking. Director Riley said we run the ski area, you run the town. Everything uphill is ours and everything downhill is yours. President Sharp asked if a \$5 charge would influence anyone's decision. He added that a typical car has two and a half people. Director Riley said if there is a free alternative, yes. He said TSG has a contract with the Town. Director Volponi verified that the contract only covers parking structure. He then asked if the \$30,000 was to help subsidize. President Sharp said it was \$50,000 last year; he cut that number in the middle to have a number to put in as a place holder. President Sharp spoke from the point of view of a homeowner and said the single largest complaint is street parking, but more so in summer than in winter. Parking on street, it's a tough sell to homeowners to underwrite parking on street because they do hate it so much. Director Volponi said that the Town collects money from the festivals for parking in the summer, so homeowners aren't really paying for that. Greg Sparks said the parking is primarily for Bluegrass; Blues and Brews does not have street parking. President Sharp asked Director Sweet if he had cut him off before and if he wanted to say anything. Director Sweet was no longer on the line. President Sharp stated that if TMVOA does not provide funding, there will not be street parking. Greg Sparks said there will be no parking or there will be a charge. Director Sweet said Capella added 150 spaces. He asked for confirmation that on average there are 110 - 120 cars parking on the street. Greg Sparks said it varies, but the max is around 200. He added that it is hard to know how many skiers/visitors will choose to use the Capella parking garage and it will be good to get some data this winter. Director Sweet said people won't use the Capella garage if they can park on the street for free and there was a lot of money spent to build the parking garage and it needs to be used and paid for. He believes street parking should be \$30/day. After the Gondola parking structure and the Capella parking garage are full, there will be barely 10 days with overflow street parking. Director Proteau asked what the management plan was to educate skiers/visitors about the parking available in Capella. Greg Sparks said the information will be on the electronic signs. President Sharp asked if there were any comments from the public. Director Riley asked if MTI had an opinion. Scott McQuade said he was confused about the proposed change. He said it does not make sense to charge people to park on the street if more coveted parking is free. He added that he trying to understand the \$30,000, and if it will make the difference. President Sharp said the item at hand for the board is whether or not to budget for parking at all. He is in favor of eliminating it and forcing paid parking to be used. Director Volponi said that skiers are in the shops and restaurants and it would be counterproductive for merchants to not support parking in some form. He added that he feels the Oct 23rd drop-dead deadline is harsh and would like more time to study the issue. President Sharp said he's not sure how TMVOA got involved, he views parking as a municipal function. However, if the board doesn't force the issue, then the \$6 million parking garage will go unused. Greg Sparks said there is a cost to manage parking. Unless there is a mechanism to charge for parking, and if the Town cannot charge in the garage, the funding needs to come from somewhere. Scott McQuade asked Greg Sparks if the money proposed is to manage next year's parking. Greg Sparks said yes. Scott McQuade asked if the Town incurred any cost last year when TSG managed parking. Greg Sparks said no. Scott McQuade asked for verification that the change is that TSG will have to have an event permit. Greg Sparks said the change is that TMVOA is not interested in incurring cost, and TSG will not manage parking unless the Town pays for it, so the cost falls back on the Town and the Town needs a means of paying for it. Scott McQuade asked if the cost includes

the staff, the shuttling, etc. Greg Sparks said yes, he does not want to do a poor job at it. Scott McQuade asked what would happen if the demand is not there. Greg Sparks said they would drop staff down. He added that he would love to run the program by flexing current staff; but the feeling is they wouldn't be able to do that on a consistent basis. On a snow day the police are trying to keep Mountain Village Blvd open and manage traffic. On busy holiday weekends Town staff can't be pulled from their daily duties and tasks to manage parking; everyone is busy during peak times when overflow parking is needed. The Town has cut back on staff just as everyone else has as well. Director Riley asked what the plan for upper Mountain Village Blvd is. Greg Sparks said there isn't anything conclusive on that yet, the Town likes the idea of upper Mountain Village Blvd, but they will have to see how it fits in to the mix. President Sharp asked if there were any further comments. There were none. President Sharp verified with Stephanie Fanos that Director Sweet, Director Volponi and himself are only members with a vote. Stephanie Fanos confirmed. Scott McQuade asked if the job would get done with the same amount of money used last year, \$46,000, and the same system was in place. Greg Sparks said that if the parking can be managed appropriately on that budget that would be fine with us. Scott McQuade asked for verification that currently \$30,000 is allocated. President Sharp said yes. Director Volponi asked if the total to provide the whole service was \$60,000. President Sharp said last year TMVOA spent \$46,000. President Sharp said he has changed position from supporting it partially. He said there is no way that he could ever consider \$80,000 and that he agrees with Director Sweet; if people are not forced to park in the Heritage Parking Garage, it will not be used. He would like to eliminate the parking subsidy and see a charge for street parking. Director Volponi asked Greg Sparks if they need people to direct visitors and skiers instead of signage. Greg Sparks said they have learned from that past that it does take more than just signage, you need a physical presence out there to help people. Director Sweet asked what about the anticipated revenue from the parking spots in Capella. He then asked what the current revenue is from parking tickets. Greg Sparks said the Capella garage opened in late August and they have not seen much revenue. The parking tickets have been an item of discussion at Town Council. Town Council gave direction to the police department to use more guest service approach towards writing tickets. The police are only giving tickets to people parked dangerously or repeat offenders. Parking ticket revenue has been cut in half in the last year. Town Council is comfortable with that attitude of not ticketing guests if the issue can be addressed through education. Director Sweet asked if there is a real concern that if people have to pay to park on the street that they will not come to ski. Greg Sparks said he couldn't answer that. Director Sweet said at the end of the day Capella needs to work. He likes the Town Council's attitude to parking tickets, there is no reason to scare people off. He feels charging for street parking is a win-win situation and a good way to move forward. The Gondola parking structure will fill up with employees and skiers, which he thinks is good. Director Volponi said he does not think that it is fair to charge the same amount to park on street as to park a heated, covered parking structure, would like to see \$30,000 in budget still. Scott McQuade said there are two things to consider. One, there is no more overnight parking in the structure, which will open up a lot of spaces that were occupied in the past; and the Capella garage provides more parking. He said \$30 is not that expensive for heated, covered parking. The goal should be to fill those two structures and keep cars off the street as much as possible. If there is \$30,000 allocated in the TMVOA budget to handle parking, and in the past it has cost \$46,000, perhaps it can be down for \$30,000 if TSG is willing to manage it. From visitors' standpoint, it is problematic to charge people to park on the street. Director Sweet asked if people would be allowed to park on the street if Capella is not full. Greg Sparks said there was a discussion about that at Town Council. The idea was that street parking shouldn't be allowed until Capella is full. He added that could be problematic as well. People who get here early, get free parking; those that arrive later pay \$30; if the Heritage garage fills up, people would be forced to pay some fee to park on the street, which is less desirable. Director Sweet said he does not see a way around this. To him it is a no brainer. Director Riley said it seems funny that TMVOA is spending so much money on Guest Services, and then to charge them for parking. Cath Jett said, as a homeowner, she

feels the easiest thing to do is to enforce the ordinance to not park on the street. People can park in the parking structure and the Capella garage, or they can go park in the Meadows. Some people may have drive to Town of Telluride. She said she appreciates that TSG donated the land for the parking structure, but they have reaped the benefit of the golden egg. It is an old agreement from which everyone has benefited, but it is time to move on. Director Riley said every ski area has a free option. Cath Jett said at ski resorts that offer free parking, skiers have to take a bus to get to it. She listed off several other Colorado ski areas that charge for walk to lift parking and the couple that do not. Greg Sparks said the Town has no intention to charge for the Meadows parking lot. Director Sweet asked for verification that street parking would be close to lifts/runs. Greg Sparks said yes, it would be just as it has in the past. Director Sweet asked if the board was going to vote. His recommendation is to put \$0 in the budget for parking. He believes there will be very little demand for street parking this year. President Sharp thinks they need to force people into garage to get that paid for. He is in favor of \$0. Scott McQuade said if TMVOA zeros out the budget and no one is managing traffic and parking, that is a problem. He said someone has to manage it, but he's not saying who should pay for it/manage it. President Sharp asked Greg Sparks what would happen if TMVOA contributes nothing. He then asked if the Town will still need to find money to manage the garage. Greg Sparks said having staff direct people to the Heritage garage would help cover cost. If street parking is allowed, the Town would receive revenues from charging for that street parking. If council does not allow parking on the road, then it is a matter of using minimum staff. He added that he could see that being a mess on a busy day and would require proper staffing in order to handle it properly. Scott McQuade said issues could occur on a slow or medium day too. If there is no one showing cars where to park in the parking structure, people will turn around and head back towards traffic. President Sharp said he thinks Greg Sparks is saying that when the parking structure is full people will be forced to park in the Capella parking garage. President Sharp guesstimates 130 cars at \$30 will provide \$4000 to cover additional parking needs such as having staff direct cars. Greg Sparks said the fees are intended solely to cover ongoing operations. Director Sweet asked about the Town's projections for occupancy of the Capella garage. Greg Sparks said they have estimated that on certain days it will be at capacity and there will be days where it is not. He believes Town is projecting revenues in the \$80,000 range. Director Sweet said if TMVOA budgets for parking on the street, they will undermine revenue for Capella parking. He said most of the people driving are regional people; if regional people cannot afford \$30, then they can't afford \$30. He added that regional people don't typically spend that much money while skiing and this is way to earn revenue off them. President Sharp said he wants to, and needs to, move on. He said that he and Director Sweet are of the mindset that if the board puts \$0 in the line, it will force people in garage. That would be his logic in eliminating it; otherwise the Town will lose revenue from the Capella garage and it will sit empty. Director Riley said he thinks people will go to Telluride to park in a free lot. Cath Jett asked how difficult it would be to see if it would work to change the parking in the Gondola structure from free to charged parking for a year as a trial period. Director Sweet offered up the idea that the Town could offer discount Capella parking for repeat parkers, i.e. Ski Ranches, etc. Director Riley said TSG is not willing to waive the free parking agreement. Cath Jett and Director Riley had a brief debate over charging for parking in the Gondola structure. Paolo Canclini asked about the charging structure at Capella,. Greg Sparks said it is \$2/hour for first 3 hours, with a \$30/day maximum. Paolo Canclini said \$30/day is a lot to add for a day of skiing. He asked about the town lowering the charge. Greg Sparks said that there will not be a decrease in the charge. Paolo Canclini said that the ski resort in his home town charges \$5/day and they have 1,000 cars a day. Greg Sparks said the rate schedule for the Capella garage is \$2/hour for 3 hours, \$6/hour after the first 3 hours up to \$30/day max. President Sharp requested an end to this part of the conversation. He said that he is not interested in contributing \$80,000 to parking; he is not opposed to some small level of contribution in the future. For now he suggests zeroing it out. His reasoning for zeroing it out is to funnel people into garage. President Sharp asked Director Sweet for his vote. Director Sweet concurred. He added that the Capella garage is going to be great and that people are

going to love it. Director Volponi believes TMVOA will ultimately have to support the parking in some way. He thinks this topic will require additional conversation. He said it is hard to make a final decision having received the letter from the Town as he walked into the meeting; he would like further information. Director Volponi is also uncomfortable with a line in the letter about having someone commit to the costs in perpetuity; he feels that is a lot to ask. He thinks there needs to be further discussion and does not feel that TMVOA can eliminate it entirely. President Sharp said with three people participating, the line item will be changed to \$0.

President Sharp moved onto the next line item, Affordable Housing. He asked about the \$7,000 shown for affordable housing. Stephanie Fanos said it is for the HOA dues for Lot C in Lawson Hill. President Sharp moved on to the Economic Development Grants line item. President Sharp explained the thought process to cutting items in Economic Development Grants. He explained the thought process of establishing the value that TMVOA will contribute to grants, \$148,000. He listed the grants from last year that the committee found to be of value; he added that TMVOA has not received grant applications as of yet. The budget currently shows the following: \$30,000 Mountain Biking, \$53,000 Ski Council Subsidies, \$10,000 AIDS Benefit, \$5,000 Bluegrass, \$2,500 Blues and Brews, \$15,000 Telluride Foundation Summit, \$12,000 Telluride Ski and Snowboard Club, and \$20,000 Yoga Festival. President Sharp asked for comments. Director Sweet cautioned against listing specifics of example grants because entities might ask for the amount listed. He added cautions about saying that TMVOA will not help either film festival for fear of the closing of the Chuck Jones theatre. President Sharp explained that he agrees with Director Sweet's logic, but that the committee wanted to explain how they arrived at providing \$148,000 in grants. Director Volponi said that by publishing a list, they are defeating the purpose of the Grants Joint Committee with Town Council. Director Volponi would like to see a chunk of money in the budget and then receive applications with applicants explaining how each organization benefits Mountain Village, etc. President Sharp said, as tried to explain, there are two ways of approaching the numbers. To allow the TMVOA budget to go \$1 million into the red, or look at what has been done in past and see how to contribute in the future to arrive at that number. There is a goal of transparency. Just because there is a number for Mountain Film, does not mean that is the number that will be given to Mountain Film. Director Volponi said he doesn't have a problem with including the lump sum, but everyone is in agreement to continue with the process with the Prioritization Committee. President Sharp said absolutely, the Prioritization Committee process will continue, this is simply being transparent about how the board arrived at the \$148,000 number. Director Zemke said he personally has a problem with publishing the numbers. He wants entities to apply; he has a problem with Film Festivals showing \$0 because he feels they won't apply for a grant if they see the budget shows \$0. Director Zemke wants Peter Kenworthy to apply; he wants Telluride Film Festival to have stronger presence in Mountain Village. President Sharp said he understands what Directors Volponi and Zemke are saying and explained that the committee meetings are open to public. Anyone could have come to a meeting and seen how the board arrived at the lump sums. He asked Stephanie Fanos about the process. Stephanie Fanos said the board can say exactly what President Sharp has been saying in this meeting. That the board arrived at this lump sum amount to put in the budget, but that they have not arrived at a definitive allocation of those funds. President Sharp said he understands the numbers can be misleading, and explained that it was the process the committee used to come up with a number. Director Proteau said he appreciates backup information. Had the budget shown one lump sum, he would have wanted to know where the number came from. He added that he appreciates what Director Volponi and Director Zemke are doing with the Town Council in subcommittee and thinks it is good to see what contributions have been made in the past. Jim Riley said he has been to both the Budget Committee meetings and the Prioritization Committee meetings. He said it has been apparent from the start working with Director Volponi and Director Zemke that the Prioritization Committee feels strongly about determining the direction of grants in the future. He said it has been apparent to him working with Budget

Committee that they were using this information as a worksheet to see what was reasonable for grants in the future with TMVOA's limited resources. In his experience it has been very apparent that the Prioritization Committee is going to be making the decisions about what kind of grant recommendations that will be made to the board in the end, but the Budget Committee will decide what funds are available. President Sharp addressed the line item of \$13,500 for educational grants. He said the Budget Committee was not sure if that would fit in for charitable donations that the Town would be assuming. The Budget Committee wanted to put a placeholder there in case it does not. President Sharp said the board had already discussed all other items listed under "other". He said the next big line item is the Gondola Non-recurring Items. The single biggest items are \$150,000 for a new haul rope, and \$45,000 for bike racks. There is also \$15,000 for widening access to Plaza Gondola Station for bike access. President Sharp said splitting the entrance into doubles lines and singles lines helped, but now there needs to be a bike line. The Gondola has proposed opening the entrance to provide a separate bike line on the left that would allow bikers to load their bikes right away while pedestrians load Gondola. President Sharp addressed the haul rope. He said it is somewhat of a safety issue; the wire cable has plastic woven into it, when plastic unwinds, it causes the Gondola to stop, which causes down time, etc. He added that he believes, but is not positive, that the replacement is coming one year earlier than scheduled. President Sharp asked for comments. He added that this is not the final budget; it is a draft that will be published for further member review and comment. President Sharp asked Brianne Hovey to read back adjustments and then said he'd entertain a motion to publish the budget with the changes. Brianne Hovey said the changes include: Sunset Concert series to \$75,000, look at moving the \$7,000 for Lawson Hill HOA dues into the Operating Budget, \$0 for parking management, and adding \$20,000 to Guest Services, bring it to \$186,000. Director Zemke with changes **MOTIONED** to publish the draft of the budget to the membership for discussion. Director Sweet seconded. President Sharp called for further discussion. There was none. The motion passed unanimously.

- 3) **Discussion of Annual Meeting and Election Timeline** – Stephanie Fanos said there is a short memo and timeline in the board packets that sets forth a schedule that staff has put together in order to accomplish the end goal of an annual meeting and election of members. She said she needs the board to set a record date. The record date is the date on which staff determines names and addresses of members who will be given an annual meeting notice as well as a ballot. The record date cannot be set more than 50 days from the date of the election and the annual meeting. She explained the concern of not setting a record date. She said the proposed record date is November 10th. Ms. Fanos explained the seats that are up for election this year: The class A residential seat that is currently held by Director Sweet and the class B lodging seat that is currently held by Director Volponi. Director Greenspan asked for explanation as to why the lodging seat is up for election again. Stephanie Fanos explained that the board member who was elected to the seat resigned and the board filled the seat. But the board can only fill that seat until the next election. Stephanie Fanos requested that the board establish a record date of November 10th. Director Greenspan **MOTIONED** to go by the guidelines of holding an annual meeting as set forth by Stephanie Fanos and to establish record date of November 10th. Director Sweet seconded. The motion passed unanimously.
- 4) **Discussion of Revised Economic Development Policy and Charitable Donations Policy** – President Sharp asked Director Volponi to explain. Director Volponi explained that the Prioritization Committee had met and divided responsibilities between Town and TMVOA. They took a look at the previous year's grant making policy and is proposing changing some criteria to include that the applicant would illustrate how their event would contribute to the economic vitality of Mountain Village, etc. The applicant would also need to illustrate the long-term sustainability of event. The proposed grant making policy is in the board packet. President Sharp noted that there is not a huge difference between the old and new policies. The changes clean it up and has stronger wording. Jim Riley said he included last year's policy, and

explained the changes. Paul Major said he had two comments. One – think about eliminating a line between nonprofit and for profit. He said the problem is that the board is holding up for profit organizations the same as they are holding up nonprofit organizations. Since the goal is to generate economic activity, for profit and nonprofit organizations should be held up to the same filter. If the board tries to segregate for profit from nonprofit, they will have a hard time saying what is charitable and what is economic development. The board should say the criteria is about economic activity and have entities compete. Mr. Major's second comment was that measurement should be included in evaluation criteria rather than be in a separate section. He feels making measurement a criteria would sharpen the focus of people applying. A screen to hold up and say are they meeting these criteria. He said the more definitive TMVOA can make the application, the better. People will submit better proposals and make it easier for TMVOA to make an evaluation. President Sharp said the proposed grant application does not distinguish between for profit and nonprofit organizations. Paul Major said that as long as TMVOA is not making distinction, that's great. Director Greenspan asked if the verbiage "for profit/nonprofit" should be added. Stephanie Fanos said no. She added that the way it is drafted now is the way it should be. Paul Major suggested taking out "grant making" and replace it with "scholarship/grant making". Jim Riley asked everyone to look at the letter to the board and read "Grant awarded events must have a positive economic impact on the retail, restaurant and lodging sectors of Mountain Village and add to overall sense of community." He continued on to say that the paragraph titled "Measurement" was intended to clarify number three of the evaluation criteria. He said if the board wanted information under measurement to be included in number three, they could do that. Paul Major said number three talks to the specifics, but he thinks they should give people the specifics by asking them to show how the measurement of spending in Mountain Village as part of the application. Scott McQuade said part of problem is being able to measure that. Tax and lodging reports are monthly, not daily. The data is hard to collect and it is not clear-cut. Elizabeth Temple with the Film Festival said they have been trying to gather all this financial data but it is a huge job and it's not possible to collect and measure data both in Telluride and Mountain Village. Scott McQuade said he worked with Elizabeth on her report. He said last year they did have the daily lodging report in place and it made it easier to measure the impacts in Telluride and Mountain Village. He thinks it will be hard for people to provide that information. President Sharp said he has spent a lot of time on ROI for events and grants. The board has moved in the right direction, but they still need to continue to work in that direction. He asked Paul Major if he thought Measurement should be added to number three. President Sharp added that he personally thought it was pretty clear as is. Jim Riley offered a suggestion to add a note to number three to reference Measurement. Director Greenspan agreed to Mr. Riley's idea. Paul Major acknowledge that it is hard to gather this kind of information, but he thinks if it is explicitly asked for people will work to provide it. President Sharp said it seems they are already saying that. Stephanie Fanos said the application and the follow up report that is to come back with it provides further information. Director Volponi said the suggestion Jim Riley made is very simple. Line number three would read "The grant awarded events must have positive impacts to the retail, restaurants and lodging sectors of Mountain Village as outlined in the Measurement section below and add to the overall sense of community." Jim Riley said the Prioritization Committee, legal counsel, the Communications Director and he have reviewed application from previous years to make this more concrete. He added that the follow up report is also being revised. Director Greenspan said that if there is an over communication on the grant thing, so be it. It really starts driving the culture back in. He said he agrees with Paul Major, if the board is trying to obtain certain information, make the point to do so. Stephanie Fanos said she thinks the board needs to see actual application, that this is just the policy for evaluating and then there will be materials to assist in reviewing. Director Greenspan asked if there is any harm in changing the document. Stephanie Fanos said making the parenthetical changes would be redundant. President Sharp said he agrees and thinks it is a clear policy and he does not see problem with it. Director Riley said he sees a different issue. He said this in the context of Economic Development grants, but the statement of purpose it narrows it

down to special events and plaza entertainment. He said there may be other Economic Development activities other than special events or plaza entertainment; he thinks it needs a broader purpose. Jim Riley said they could add other events to list. President Sharp agreed with Director Riley. Stephanie Fanos suggested adding “to support grant requests for special events, activities, programs, and plaza entertainment. President Sharp suggested continuing this to work on it another time outside of the meeting. Director Zemke made a **MOTION** to continue to work on this outside the board meeting. Jim Riley said he sent out communication to the local community asking for grant applications with a deadline of November 2nd. Director Volponi asked if they needed to approve the policy in order to review the grant applications. Director Zemke said it shouldn’t affect that. Stephanie Fanos said the policy is intended to assist the board. She said the board can approve it with amendments in this meeting or they can wait. Director Sweet suggested mitigating the exactance of it, because it can be tightened up later. President Sharp said he wanted to work through it properly rather than rush through it in the meeting and possibly do it by consent agenda. Director Proteau Seconded. Motion passed unanimously.

- 5) **New Business** – President Sharp asked for a motion to allow intent to proceed with budget numbers for Guest Services. Stephanie Fanos suggested authorizing staff to work with MTI regarding revisions to the Guest Service contract that is currently in place to memorialize changes that are necessary to the contract in accordance with the budget. Stephanie Fanos said the **MOTION** should be: to authorize staff to work with MTI to propose amendments to their existing Guest Services contract consistent with the proposed budget for 2010. Director Greenspan Moved, Director Zemke seconded. The motion passed unanimously.
- 6) **Adjournment** – Director Greenspan made a **MOTION** to go into executive session for the purposes of further discussions regarding the contract with Cherry Creeks Art Festival to produce the Telluride Festival of the Arts, Director Volponi seconded the motion. The meeting was adjourned at 5:26 pm.