



**MINUTES OF THE TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
BOARD OF DIRECTORS MEETING  
DECEMBER 30, 2015**

<b>BOARD MEMBERS PRESENT:</b>	Jeff Proteau (Acting Chairman), Bill Jensen, Jim Royer, Jeff Badger, Robert Stenhammer & Pete Mitchell
<b>BOARD MEMBERS ABSENT:</b>	None
<b>STAFF PRESENT:</b>	Anton Benitez, Garrett Brafford and Heidi Stenhammer
<b>STAFF ABSENT:</b>	None
<b>OTHERS PRESENT:</b>	Joe Solomon, Jon Dwight, Chuck Horning, Ron Allred, Todd Gehrke, Laila Benitez, Doug Tuelle & Don Orr

**1. Call to Order and Determination of Quorum**

Acting Chairman Proteau called the meeting to order at 5:20 p.m. MST and announced that a quorum had been established. He welcomed newly elected Residential Director, Jim Royer who replaced Jon Dwight and newly appointed Mountain Special Member, Bill Jensen who replaced Chuck Horning.

**2. Approval of the Following:**

**1. Minutes from the December 16, 2015 Board of Directors Meeting**

Acting Chairman Proteau asked for a **MOTION** to approve the December 16, 2015 Board of Directors meeting minutes. On a **MOTION** by Director Mitchell to approve the minutes, seconded by Director Badger, the **MOTION** passed (6-0).

**3. Appointment of 2016 Board of Directors Positions**

Chairman Proteau asked for nominations for the position of Chairman of the Board.

Director Badger nominated Director Jensen for the position of Chairman of the Board. Director Royer nominated Director Mitchell for Chairman of the Board. There were no other nominations for Chairman. Acting Chairman Proteau asked each of the nominees to give a brief speech.

Director Jensen stated that he and his wife are very happy to be a part of Telluride. Mr. Horning invited him and his wife to invest in the Resort to which they agreed. If elected as Chairman, he understands that it is his responsibility to act in the best interest of all of the owners of TMVOA and be an inclusive

Chairman. He continued to state that Telluride is already the most incredible place however there are still opportunities in front of us and now is the time to take advantage of those opportunities to move forward so there are no regrets five to ten years down the road. Director Jensen stated that he is hopeful that he can lead the Board and owners association in moving forward with improving air access which will benefit the owners and guests with increased frequency as well as consistency of service which will be a process. Also, development of a branded hotel which will be a game-changer for Telluride which is the one piece that Mountain Village is missing as well as addressing affordable housing as we're only as good as the people we get to work with and we owe it to the community of Telluride. Director Jensen stated that he would be proud to serve as Chairman if elected and will do his best to represent the interests of all TMVOA owners.

Director Mitchell agreed with Director Jensen's comments and stated that we have a great community an excellent opportunity to build Telluride further and make it better. He has a few concerns that he wants to voice for the record and will read verbatim from his notes.

"It is important to the integrity of the organization that TMVOA chairman not be a TSG representative for several reasons. 1) TSG has significant control over the TMVOA Board given the number of Board seats they control. 2) TMVOA needs to be independently run and free from even the perception of conflict of interest. 3) The success of TMVOA's Board and its work is dependent upon the confidence of the membership. 4) A significant amount of TMVOA operations involves direct dealings with TSG. It is important for both TSG and TMVOA that we don't blur the lines between TSG and TMVOA. Each must stand as an independent entity. 5) One of the primary priorities for 2016 is lot 161 CR which TMVOA recently purchased. This is one of the most important undertakings that TMVOA has taken on in recent history and it is imperative that the membership and the community has the utmost faith that this significant project is managed even-handedly and in the best interest of the community. Given TSG's involvement with 161CR as an adjacent land owner, and most likely a partner in the 161 CR development, it is even more imperative that the chairman of TMVOA be free of any potential conflicts of interest, bias or financial involvement. Thank you very much."

Acting Chairman Proteau asked for Board comments.

Director Royer stated that, without any angst or animosity, the points that Director Mitchell make are valid. Historically, the owner's association has made tactical investments of relative modest size. The purchase of lot 161C-R is a strategic investment. TSG controls three seats of the Board and the commercial seat because TSG owns more than 50% of the commercial space which makes it four out of the seven votes. He believes that no lodging representative stepped up to serve on this Board because they did not want to get involved in the potential conflict of interest. There is an underlying current here that will not lead to successful relationships in the development and process of lot 161C-R. It was purchased with cash and credit and 80% of TMVOA's revenues comes from the Residential members.

Therefore, it makes sense that the Residential members have significant input if not voting control of the Board as opposed to TSG. TMVOA Bylaws allow for the Chairman to call a meeting at any time and in any place in Mountain Village and a quorum could be held by TSG Board members alone. Director Mitchell, with his three years of experience on this Board, could help manage that conflict. Director Royer asked each of the TSG Board members to address how the conflict will be handled.

Director Proteau stated that he has been on this Board a long time and he has always looked to what would be best for the organization as a whole. There is no hidden agenda. If there were a true conflict of interest, then TSG board members would recuse themselves from the vote. If there is a perceived conflict of interest it would be incumbent upon TSG members to listen to the membership and provide feedback based on the good of the whole. TMVOA's documents guide the Board members and there are no TSG agendas being pushed. Director Royer asked for confirmation that if there are any conflicts of interest that TSG board members would recuse themselves from the vote. Director Proteau confirmed that for true conflicts of interest, yes, the TSG Board members would recuse themselves from a vote. Director Royer also inquired as to whether or not the Board would consider having the Bylaws go under review to address the conflict of interest issue. Acting Chairman Proteau believed that a review of the Bylaws for this reason was done in the recent past but agreed that it could be researched.

Mr. Solomon stated that he is legal counsel for TMVOA and works for over 30 HOA's in the region, TMVOA being the largest. He clarified that the minimum notice for a board meeting is 24 hours which is not stated in the Bylaws but is a CCIOA law that applies to TMVOA even though it is a pre-CCIOA community. One half of CCIOA addresses pre-CCIOA communities. He continued to discuss conflicts of interest. TMVOA has a written conflict of interest policy which can be referred to when trying to determine a conflict of interest however they are very hard to analyze. Saying that the development of lot 161CR for hot beds is great for TSG and therefore they are conflicted is not fair because it will benefit the owners too because of increased vibrancy, restaurants and a sustainable community. He also stated that he is unsure why a lodging person did not run as we all know people in the industry who could fit the role.

Director Badger commented that it appears that he is perceived as a TSG employee however this is not the case. He is a business owner in Telluride and Mountain Village, is in partnership with Mr. Horning and does not get paid by TSG. His relationship with TSG is at arm's length. He has an independent mind and an independent vote and will vote in a manner that is best for the membership and the community.

Director Stenhammer stated that having Director Jensen here in Telluride is a major game-changer. He brings unmatched integrity, unmatched experience in terms of development and community relations and, as you get to know our leader of TSG, you will grow to trust and like where he's coming from. As Director Jensen has stated, the time as now and we have struggled to move forward with the completion of Mountain Village. We want to make Telluride the number one resort in the world not just

as ranked by Conde Nast or Ski Magazine, but measured by being able to replace aging lifts, maintaining sustainable merchants, having easy air access and increasing workforce housing. Director Mitchell is a great community leader however the most effective way for us to move forward is to have Director Jensen leading this board as Chairman.

Acting Chairman Proteau asked for additional comments from the Board of which there were none. He then asked for public comments.

Mr. Orr, an owner in Mountain Village, stated that he does not dispute anything that has been said so far. The Board consists of 6 people and is equally balanced with 3 TSG members and 3 others. He believes that Director Jensen will bring good things to the resort and the community. However, there are only two Board members that have continuity and the other four are essentially new. TMVOA has been proactive in surfacing differences of opinion, taking action and precluding bad decisions from being implemented. Director Proteau and Director Mitchell are the only two who have continuity. Conflict of interest is not the issue but rather continuity and coming from a career with many job changes he understands what it takes to get on top of a new job. Mr. Orr votes for continuity as he believes Mr. Jensen will have his hands full getting up to speed with TSG responsibilities and therefore believes Director Mitchell and Director Proteau would be the best options for chairman.

Mr. Doug Tuelle stated that he is not an owner but has a brief tangential comment regarding an issue coming up in 2016 with the Regional Transit Authority that will put a taxing authority on the residents and commercial businesses of Mountain Village. How that affects the current RETA financing should be an important consideration of the Board as it applies to the residents.

Mr. Horning stated that he has been involved here for 12 years and has heard the conflict of interest debate since then and believes that it is a good one. He asked Mr. Allred earlier what the thinking was in giving the ski company the seats on the Board. The idea was to have a rudder in the water to keep the organization moving forward according to the master plan. In his years of serving on the Board he has never detected any favoritism towards the ski company. The ski company is the largest amenity in Telluride and it is currently not sustainable as there is not enough revenue to replace lifts as they wear out. It's our objective is to operate for the community with integrity. If we do well as a community, then we are doing well as a ski company. That is our commitment. It was a huge step to get lot 161CR under control so that it does not become a short term profit for a developer but instead a long term profit for the community as a whole. We need to get Telluride to where it's economically sustainable. Mr. Horning stated that he stood aside because Mr. Jensen has experience in air and in development of a ski company and has what it takes to move forward.

Mr. Allred explained the history behind Lot 161C-R and that it was zoned for condominiums but can be zoned back into hotel rooms. A developer came in a while back and wanted to develop a hotel but was

unable to get the financing and ended up selling. Lehman Brothers got involved, had many legal issues and finally chose to sell the property. Recently, there was a developer that wanted to buy it and build condominiums which was a great concern as this site was planned for a grand hotel. TMVOA is supposed to do what is best for the community and now the parcel is in safe hands so the right developer can be found. The TMVOA board was initially set up because the developer needed to keep the government out of the process and as lots were sold the developer/ski area seats were reduced. It was the right thing to do to have an entity, funded by the residents and run by business people, to protect community development.

Acting Chairman Proteau stated that the board is a great group of individuals. He asked for a second for the motions on the table. Director Stenhammer seconded the nomination for Director Jensen as Chairman. Director Mitchell and Director Royer opposed the nomination. There was no second of the nomination for Director Mitchell. The **MOTION** to appoint Director Jensen as Chairman of the Board passed (4-2).

Director Stenhammer nominated Director Mitchell as Vice-Chairman, Director Mitchell accepted the nomination which was seconded by Director Badger. The **MOTION** passed (6-0).

Director Mitchell nominated Director Royer as Secretary/Treasurer, Director Royer accepted the nomination which was seconded by Director Badger. Director Stenhammer raised the issue of the velocity of the position and wanted to ensure Director Royer's availability to fill the role and its responsibilities. Director Royer, in coordination with Executive Director Benitez, will develop a way of dealing with responsibilities and will also review the governing documents to ensure that they address issues that may arise in the near future. The **MOTION** passed (6-0).

#### **4. New Business / Other Business**

Director Royer raised the issue of Directors and Officers insurance and requested a review of that policy. Mr. Brafford stated that he has already reached out to the insurance company and will present options to the Board. Members for the various TMVOA committees will be elected at the next Board meeting.

On behalf of the Board and the owner's association, Director Stenhammer formally thanked Mr. Dwight for his service to TMVOA which was followed by a round of applause.

#### **5. Adjournment**

On a **MOTION** by Director Mitchell, seconded by Director Badger, the meeting adjourned at 6:10 pm MST.