



MINUTES OF THE TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION

SPECIAL BOARD OF DIRECTORS MEETING

July 12, 2016

BOARD MEMBERS PRESENT:	Bill Jensen, Robert Stenhammer, Pete Mitchell, Jim Royer, Duncan Hogarth, and Jeff Badger
BOARD MEMBERS ABSENT:	Jeff Proteau (proxy to Bill Jensen)
STAFF PRESENT:	Anton Benitez, Heidi Stenhammer, Garrett Brafford
STAFF ABSENT:	Charles Johnston
OTHERS PRESENT:	Brian Eaton, Laila Benitez, Jolana Vanek, Tim Kunda and Tom McGlade

1. Call to Order and Determination of Quorum

Chairman Jensen called the meeting to order at 4:00 p.m. MDT and determined that a quorum was present.

2. Review & Approval of the Previous Special Board Meeting Minutes

On **MOTION** by Director Royer to approve the previous special meeting minutes dated March 1, 2016 and May 12, 2016, the **MOTION** was seconded by Director Mitchell and, after some discussion, carried unanimously (7-0).

3. TMVOA Updates

Strategic Plan

Executive Director Benitez reported that based on TMVOA's Special Board Meeting on March 1, 2016 to discuss strategic planning, staff summarized Board and member feedback and developed a one-page "Strategic Roadmap" for ease of use and discussion. At this point, there appears to be consensus on TMVOA's mission, strategic areas of focus, key initiatives and core values. With regards to the organization's Vision (i.e. where we want to be in the future), the three iterations that have been discussed are:

- To be a unique multigenerational resort village that promotes constructive relationships with all regional stakeholders
- A unique multigenerational resort community that promotes constructive relationships with all regional stakeholders
- A unique multigenerational resort town that promotes the community through constructive relationships with all regional stakeholders

Executive Director Benitez noted that currently the Board is working on wordsmithing the vision and mission and once complete, it will be sent out to the membership for more feedback and then adopted by the Board at its next meeting on August 17th. Director Royer suggested that the word "promote" be placed in the beginning of the vision statement and that the word community be replaced with village.

Member Communication Plan & Member Liaison Position

Executive Director Benitez reported that the board and staff of TMVOA are committed to keeping its members informed and educated on important items facing our community. TMVOA is prioritizing initiatives which expand our communication and interaction with members and promote an inclusive and collaborative relationship with all member classes (residential, commercial, lodging and mountain special member). This strategy was started with our first email communication on June 3rd, and followed with another communication on July 6th.

Regarding the Member Liaison position, Executive Director Benitez reported that he has conducted several interviews and there is one candidate that is strong however the general consensus amongst the Board is that the position should be advertised again to find the best fit possible.

Single-Family Lot Subdivision

Executive Director Benitez reported that at the July 7th DRB meeting the group considered Town Council's proposed amendment to the CDC on single-family lot subdivision and rezoning. Outcomes were that the DRB voted against any lot splitting/subdivision of single-family lots and this will be their recommendation to Town Council. In the event that Town Council does not agree with DRB's recommendation, DRB stated that they likely could support the proposed amendment that staff prepared, with the addition that lots could only be split once.

The town's next Town Council meetings are July 21st and August 18th. Chairman Jensen commented that that while it appeared TMV went down the lot splitting path a little too quickly, they took the appropriate action and placed a moratorium on lot splitting in order to gather community feedback.

Town Hall Subarea

In an effort to promote well-planned and high-quality development scenarios for the Town Hall Subarea, the three primary property owners (TMVOA, TMV and TSG) are partnering to carefully evaluate the most appropriate uses for this area of Mountain Village. The subarea is an important location encompassing the Market, Town government buildings, post office, gondola access, and the parking structure. The Subarea Taskforce will be contracting with an outside firm experienced in land planning, landscape architecture, development, and public outreach and involvement; to date the Taskforce has received four submissions from the open Request for Qualifications (RFQ) process. The committee is currently reviewing the submissions to determine which firms will be interviewed. Key objectives for this project include:

- Understanding development options
- Gaining alignment on strategy for gathering owner and resident input on their vision for Mountain Village
- Gaining consensus among the primary land owners about their intentions for their parcels so decisions, for projects that likely will be launched at different times, can be made that will not negatively impact infrastructure or the overall plan for the Town Hall Subarea

The committee interviewed the two consultants the last week of June and is currently deliberating and anticipates making a final discussion by July 15th. Director Royer commented that the comp plan does a very broad brush vision of what should be located in the Town Hall Subarea however, before anything is built, a detailed development plan needs to be created to address what exactly is built whether it's a school, a chapel, a hospital, etc.

Financials & Investment Committee

Controller Brafford reported that Q1 2016 financials have been posted to the TMVOA website and Q2 2016 will be posted in the near future. Currently, there are no significant variations from budget. RETA is pacing well at \$2.1M

and is \$182K ahead of the weighted average. TMVOA's quick ratio (liquidity) is 7.4, debt to equity ratio (solvency) is 0.33, and debt to assets ratio (solvency) is 0.21. The quick ratio indicates that liquidity position or ability to meet short-term debt obligations is extremely strong. Debt to equity ratio indicates a low degree of financial leverage & implies TMVOA is financially stable. Debt to assets ratio indicates a low degree of leverage, & therefore, financial risk & represents the percentage of an entity's total assets that have been financed with debt. Controller Brafford also noted that the draft audit from Blain and Associates is currently being reviewed by the Finance, Audit and Budget committee and once completed, will be shared with the Board. Blair and Associates made no adjustment entries and noted that TMVOA's balance sheet is very strong.

Investment Committee

Controller Brafford reported that the recently formed Investment Committee has met twice and is focusing on two large projects including an RFP for investment services and revising the investment policy. Recommendations will then be made to the FAB committee with final approval by the Board. Controller Brafford thanks Pam Cavnass, Brian Kanaga and Mike Zarilli for their expert service on this committee.

Lot 161 C-R Update

Chairman Jensen reported that this past September, TMVOA announced that it had made one of the most important investments in the future of Mountain Village: the acquisition of Lot 161C-R. The acquisition of this 2.8-acre site, adjacent to the gondola station in the heart of the Mountain Village Core, is one of the most significant and impactful investments in our community since Ron Allred finalized the development deal for The Peaks Resort (known as the Doral at that time). TMVOA acquired Lot 161C-R to ensure the future development of a world class resort hotel in accordance with the goals and objectives of the Mountain Village Comprehensive Plan to solidify the high quality completion of the Village Core.

Prior to the acquisition, TMVOA conducted a formal appraisal of Lot 161C-R and its associated density, along with two lots in the Ridge subdivision (which was a requirement by the seller), and the appraisal valued the package at \$9,985,000. More specifically, Lot 161C-R and its density was valued at \$9,285,000, with the two Ridge lots valued at \$700,000. TMVOA acquired the entire package for a price of \$8,100,000.

In recent months, TMVOA has been evaluating the development potential of Lot 161C-R in the context of the Comprehensive Plan and Village Core in general. Discussion is also underway regarding the best process and form to incorporate TMVOA members and the Town of Mountain Village in the evaluation and planning for Lot 161C-R. TMVOA has not listed Lot 161C-R or contacted potential developers, however, TMVOA has recently received numerous unsolicited inquiries and interest from developers regarding this premier parcel.

At this time, TMVOA is prioritizing the evaluation and process for development of a detailed plan for Lot 161C-R, which will include an open and collaborative process with our membership and the Town of Mountain Village, prior to entering into an agreement with a developer. The TMVOA board and staff are very excited about this opportunity as this project is of critical importance to Mountain Village's future and will continue to keep the members updated on this important project. Director Mitchell noted that TMVOA previously bought Madeline's lots 50 and 51 which set a precedent for this action and proves it to be a successful course of action.

Mr. Eaton at 104 Gold Hill Court commented that he is happy to see the focus and professional operations of TMVOA and feels encouraged about recent progress regarding community relationships and development. He noted that it's the first time in his 25 years of living in Telluride that he has heard of a professional organization speaking about protecting property values and proactively working on regional issues. He requested an update at a future meeting regarding the long range plan for the other parcels that TMVOA owns.

Sunshine Valley Affordable Housing

Controller Brafford reported that TMVOA's commercial and lodging members have expressed frustration with the lack of affordable housing for employees. This issue affects the ability to hire quality employees and provide a high level of service to guests. TMVOA owns three parcels in Ilium Valley which have the greatest potential for an affordable housing development. The Board has evaluated several different development options including TMVOA developing the project and offering master leases to Mountain Village employers. A survey will be sent out to the commercial and lodging members in the next couple weeks to gauge the master lease demand to determine if it's a viable option. Director Royer noted that the purpose of master leasing is to minimize TMVOA's financial risk and ensure that the units are leased to Mountain Village employees.

Chairman Jensen noted that TMVOA has been holding this land asset since 2011. It was originally donated to the county for affordable housing however, due to the downturn in the economy, the housing project was never constructed so the land reverted back to TMVOA. The Board realized that TMVOA has the potential to be a part of the solution to affordable housing and realized that the master lease concept would be great for balance-sheet-viable entities. The Board is currently weighing the idea of TMVOA developing the project or selling it to a developer.

Director Hogarth commented that, as the GM of the Madeline Hotel and Residences and the Lodging Director for TMVOA, one of the visions of Mountain Village is to provide high quality service which requires a solid staff. The average daily rates are going up due to increased demand and it will be imperative to give higher quality of service or risk failure if we don't have the levels of staff to support growth.

MV Core Roof Tile

Executive Director Benitez reported that several TMVOA members have expressed concern about the inability to find replacement roof tiles for buildings in the core because they are no longer being manufactured. TMV development code currently requires this type of clay tile in the core. The Kayenta building in particular has some areas of concern on the roof that need to be repaired. TMVOA is currently working with TMV staff and the DRB. They have acknowledged the problem with the current code and are working towards short term and long term solutions to the issue. Executive Director Benitez will raise the issue at the July 21st Town Council meeting in order to facilitate a remedy. Director Hogarth noted that the Madeline has several pallets of these tiles in storage and could sell them to the affected buildings however, not until a long term solution is found to ensure that Madeline will have options when repairs are warranted.

Internet Outage

Executive Director Benitez reported that most Mountain Village businesses had back up plans for the recent internet outage. He inquired about the possibility of having redundancy to avoid any issues when this happens again. Chairman Jensen noted that TSG has redundancy with its own internet system with Century Link as a backup. TSG is also purchasing a generator to run all of its restaurants in the event of another power failure. Director Hogarth commented that his team is working with Century Link to create a backup plan. Director Royer noted that TMV should be responsible for creating an internet backup plan especially for the core businesses.

4. Action Items

Gondola Plaza Agreement

The Mountain Village Gondola Plaza, specifically the area on the second floor where both gondola terminals area located, have been in need of repair for several years. The concrete has numerous cracks that ultimately has led to water leaks into the first floor building, which in turn has resulted in damage to carpet, walls, and ceilings. Additionally, the boilers that are used for snow melt of the gondola plaza and heat for the buildings have

exceeded their useful life and are inefficient as compared with newer models. In a collaborative effort, the Town of Mountain Village and Telluride Ski and Golf engaged in discussions to determine how to best fund these repairs and ongoing maintenance. The group determined that the most logical and equitable way to determine how costs would be shared was based on the surface area of the gondola easement and surface area of snowmelt and gas heating.

The total cost associated with the Gondola plaza is \$241,878 which is unbudgeted. This amount will ultimately be paid by TMVOA as TMVOA funds the Gondola. After speaking with Jim Loebe (TMV Transit Director), there is an approved \$600,000 budgeted in 2016 for Controls and Fiber Optic Upgrade that will not be occurring this year. As such, TMV/TMVOA will allocate the unbudgeted expense of \$241,878 to this line item.

On **MOTION** by Director Royer to approve the Gondola Plaza Funding and Maintenance Agreement and the expenditure of \$241,878 allocated to the Controls and Fiber Optic Upgrade line item, the **MOTION** was seconded by Director Badger and carried unanimously (7-0).

Summer Programming/Reclassification

On June 1, 2016, TMVOA detailed out activities and events for this year's Summer Programming. Budgeted events include movies, music, hikes, trail walks/runs, dog hikes, karate, yoga, science-based talks, tennis, restaurant lunch and dinner initiatives, and activities for children and families. The total founding for these activities was up to a maximum of \$49,500, which would be applied to the already approved budget of \$102,500; comprised of Village Vibrancy (\$50,000) and Economic Stimulus Contingency (\$52,500). After review of the programming for tennis (\$12,000), it is felt that this activity is more appropriately classified as a member benefit, instead of Village Vibrancy or Stimulus initiative (Sch J). Additionally, train rides (\$2,000), cinema series (\$3,000), movies under the stars (\$3,000), and restaurant initiatives (\$2,000) will be classified as Village Vibrancy Initiative. To add clarity to the 2016 Summer Programming Economic Stimulus approval, \$10,000 of the \$49,500 will be used from the already budgeted "village vibrancy initiative" expense.

The total approved economic stimulus contingency funding as of 6/20/16 is as follows:

- Summer Event Programming 6/1/16 \$27,500
- World Congress on Mtn. & Wilderness Medicine 2/24/16 \$15,000
- Madeline Concert Series 2/22/16 \$10,000
- Total ES Contingency Funding \$52,500

No additional funds are available out of the Sch. J Economic Stimulus contingency in the 2016 budget.

On a side note, all TMVOA members and hotel guests may make reservations to use the tennis courts when classes or competitions are not taking place. They also have access to the tennis pro who manages the courts, programs and activities.

On **MOTION** by Director Badger to approve \$12,000 from the general contingency to be used for tennis programming and classified as a member benefit, the **MOTION** was seconded by Director Mitchell and carried unanimously (7-0).

5. New Business / Other Business

Landscaping Consistency

Director Royer raised the issue of inconsistent landscaping throughout the Town Hall Subarea and Mountain Village Core. He suggested that TMVOA take the initiative to stimulate greater attention to the public spaces so that they all look consistent relative to signage, retaining walls and landscaping. Executive Director Benitez agreed

to start a dialogue with TMV to address these issues and noted that this will also be address by the Town Hall Subarea committee.

6. Next Meeting Date

The next regularly scheduled Board of Directors meeting will be held on August 17th at 4:00 pm MDT.

7. Adjournment

On a **MOTION** by Director Royer to adjourn the meeting at 5:40 p.m. MDT, the **MOTION** was seconded by Director Badger and carried unanimously (7-0).