



MINUTES OF THE TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION

BOARD OF DIRECTORS MEETING

July 8, 2020

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| BOARD MEMBERS PRESENT: | Bill Jensen, Jeff Proteau, Tim Kunda, Jim Royer, Tom Richards, Sean Stogner (all via zoom) |
| BOARD MEMBERS ABSENT: | None |
| STAFF PRESENT: | Anton Benitez, Garrett Brafford Whitney Pearce-Rosenfeld and Heidi Stenhammer (all via zoom) |
| OTHERS PRESENT: | Joe Solomon, TMVOA Legal Counsel, Nick Warnick with Haynie and Co, Nancy Clark, Douglas Tooley, Laila Benitez, Huascar Gomez, Steve Togni, David Mackown and Keith Brown (all via zoom). |

1. Call to Order and Determination of Quorum

Chairman Jensen called the meeting to order at 4:01 p.m. MST via zoom and noted that a quorum was established with 6 out of 6 Board members present in person or via phone.

2. Consideration and the Approval of the Following Meeting Minutes

On **MOTION** by Director Kunda to approve the February 19, 2020 Board Meeting minutes as presented, the **MOTION** was seconded by Director Proteau and carried unanimously (6-0).

On **MOTION** by Vice-Chairman Royer to approve the May 6, 2020 Special Board Meeting minutes with one correction that he was present and not absent, the **MOTION** was seconded by Director Kunda and carried unanimously (6-0).

On **MOTION** by Vice-Chairman Royer to approve the June 25, 2020 Special Board of Managers Meeting minutes as presented, the **MOTION** was seconded by Director Stogner and carried unanimously (6-0).

3. Accounting Updates

Audited Financials & Tax Return

Nick Warnick of Haynie and Co presented the 2019 audit. TMVOA received a clean or unmodified opinion (no findings or restatements). There were no material weaknesses or deficiencies in TMVOA's accounting processes.

There is a change to the balance sheet due to a new accounting standard which makes any unrealized investment gains and losses for equity securities go directly to the income statement and are treated as if they are realized (there is no change for debt-securities treatment). This change is for GAAP reporting and has no tax consequences. TMVOA adopted this standard on January 1, 2019, using the modified retrospective method and reclassified \$104,101 from accumulated other comprehensive income into retained earnings. The adoption of these standards resulted in fair value changes of certain equity securities being recognized in investment income rather than in other comprehensive income. During the year ended December 31, 2019, the Company recognized \$730,862 of net unrealized gains on equity securities in investment income on the income statement under the new standards that would have been recognized in other comprehensive income on the balance sheet under the prior standards.

On **MOTION** by Vice-Chairman Royer to approve the 2019 Audit as presented, the **MOTION** was seconded by Director Richards and carried unanimously (6-0).

As is customary, the tax return will be filed in November.

4. RETA Status

Year-to-date TMVOA has collected 45% of the \$5M RETA budget thanks to a strong March and already a strong July. RETA is still beating the prior year budget year but is down 17% over the 5-year average. The destination is up 40% in transaction volume for the month of June however, Telluride is seeing the bulk of the sales. The sales prices in Mountain Village are staying strong, and the available inventory is low.

5. Capital / Development Projects

The Village Market

The Village Market renovation project is 95% complete with some survey work left to be done. The current operator's revenue is up from the previous operator. This could be related to behavior changes due to COVID-19, such as reduced restaurant capacity and more people eating at home. Comparison price checks on 120 items reflect prices are lower than Clarks on average and compliant with the lease. There has been much positive feedback on the layout, selection, pricing, deli and sushi offerings. The original budget for the project was \$3.92M and the final cost is estimated to be around \$340K less than budget.

Telluride Brewing Company

As of right now and with no additional COVID-19 impacts, the Telluride Brewing Company space will be completed by Mid-December and in line with the February 11th revised budget. The Telluride Brewing

Co. owners are required to offer food within one year of the lease start date and plan to sublease the food operation to a third party. However, they would like to have the food operation ready to go at the start of the lease in December 2020. TBC is covering the cost of lighting, furniture and brewery/kitchen equipment. The liquor license has already been approved by the state.

6. 2020 Member Assessments – Lodge Member Feedback

President and CEO Benitez commented that he has received some feedback from Lodge owners due to the increase in their annual dues from \$150 per year to \$678 per year. Last year, the Town of Mountain Village conducted an analysis of Lodge and Lodge Efficiency units and determined that many of the Lodge Units are being used as condos with owners/tenants living in them year-round. There are no use limitations on condos or Lodge units (excepting Lodge Efficiency Units) so a more appropriate assessment level was considered. This increase was analyzed by staff in 2019 and discussed/approved at the November 13, 2019 board meeting.

Mr. Togni commented that Mountain Lodge has been significantly affected by this increase and, regardless of what the Town dictates, TMVOA controls its own fee increases and a 400% increase is not sustainable. Furthermore, Mountain Lodge does not have any long-term occupants and runs the property like a hotel.

Mr. Brown commented that several owners at the Blue Mesa Lodge are asking for a more reasonable assessment as the density as it relates to assessments is out of character with the large increase. Blue Mesa does have full-time residents and long-term rentals. Mr. Solomon commented that he can see the argument on density being tied to dues however, the language in the bylaws was using density as an adjective.

Vice-Chairman Royer appreciated the comments and felt it important for the Board to revisit the matter. All present agreed.

7. General Updates

Economic Recovery Initiatives

President and CEO Benitez reported that TMVOA and TMV partnered to create a consistent COVID-19 messaging and communication plan. They contracted with the firm that did Eagle County's communication plan. All merchants have been updated on the plan and have been given a business communication guide with best practices, marketing materials and assets for social media.

TMVOA has redeployed several of the unused budget funds for additional live music in all three plazas. TMV and TMVOA partnered to purchase additional seating, lighting and umbrellas and TSG staff has been contracted to help sanitize surfaces in the plazas.

Investment Committee RFP

As part of TMVOA's best-practices and at the recommendation of the TMVOA Investment Committee, an RFP is underway as it has been four years since the last one.

8. New Business / Other Business

Regional Marketing Initiative

Chairman Jensen commented that, due to air travel restrictions, selling the remainder of the summer season and the upcoming winter season to the regional market will be of paramount importance. Three years ago, TSG asked TMVOA for \$200K in economic stimulus funds to market to the YPO group which was approved and resulted in new relations and seven figures of increased business through lodging and real estate sales.

TSG would like another economic stimulus grant in the amount of \$200K to focus on a regional marketing initiative that will focus primarily on the Western Slope, Northern New Mexico, and Arizona. Chairman Jensen noted that time is of the essence and this will be an investment in the Mountain Village community, in building relationships and stronger group business.

A discussion ensued and it was determined that two special Board meetings will be held, one on Friday and one the following Monday to hear from the appropriate TSG marketing personnel about how the program will work and how it will benefit the TMVOA homeowners, lodgers and commercial owners.

Wetlands Walkway

Mr. Tooley noted that the walkway in the wetlands between the Market and VCA is in disrepair and is a hazard. Director Proteau noted that he has extensive experience working with wetlands management and the EPA. He will meet with TMVOA staff on-site tomorrow to help determine the best course of action.

Parking at Market

Vice-Chairman Royer commented that the new market operator is concerned with the parking lot being continually full of cars using it for day use, especially along the rock wall which is reserved for short-term resident use. President and CEO Benitez said he will reach out to the Town of Mountain Village parking committee and the town manager and will circle back with the Board.

9. Next Meeting Dates

The next Board of Directors meeting will be held on Wednesday, September 16, 2020 at 4: 00 pm MST.

10. Executive Session pursuant to CRS Section CRS 38-33.3-308 (3) & (4)

On a **MOTION** by Vice-Chairman Royer, seconded by Director Richards, the meeting went into Executive Session at 5:24 p.m. MDT.

On a **MOTION** by Director Proteau, seconded by Director Stogner, the meeting came out of Executive Session at 5:30 p.m.

11. Adjournment

On **MOTION** by Director Richards the meeting adjourned at 5:30 pm MDT.