



MINUTES OF THE TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION

BOARD OF DIRECTORS MEETING

September 19, 2018

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| BOARD MEMBERS PRESENT: | Bill Jensen, Jim Royer, Jeff Proteau, Tim Kunda and Tom Richards, Jeff Badger |
| BOARD MEMBERS ABSENT: | None |
| STAFF PRESENT: | Anton Benitez, Garrett Brafford, Whitney Pearce & Heidi Stenhammer |
| OTHERS PRESENT: | Joe Solomon – TMVOA Legal Counsel, Doug Touley – Resident, Nick Warnick with Haynie and Co. (via phone), Jim Loebe & Rob Johnson – TMV |

1. Call to Order and Determination of Quorum

Chairman Jensen called the meeting to order at 4:05 p.m. MDT on Wednesday, September 19, 2018 in TMVOA Conference Room and determined a quorum was established with all Board members present.

2. Approval of Previous Meeting Minutes

On **MOTION** by Member Kunda, seconded by Member Royer, the previous meeting minutes dated June 13, 2018 were approved (6-0).

On **MOTION** by Member Proteau, seconded by Member Richardson, the previous meeting minutes dated August 3, 2018 were approved (6-0).

3. 2017 Audit

Mr. Warnick with Haynie & Co. reported that TMVOA's 2017 audit resulted in a clean and unbiased opinion with no adjustments or journal entries and no internal control deficiencies were discovered.

For tax purposes, TMVOA is a non-profit that files a 990 and for many years everything was accounted for as an common interest realty association (CIRA). During 2014-2016 a hybrid approach was taken relative to accounting for Investment Income whereas it was presented inline with a non-profit entity, as opposed to as a CIRA. This resulted in unrealized gains/losses being included in the income statement. In 2017, it was determined to exclude and present more in-line with CIRA. As GAAP requires

comparative financial statements be presented in conformity, 2016 figures needed to be restated to mirror the presentation of 2017. \$520K of unrealized gains were removed from Interest and Investment Income account to Accumulated Other Comprehensive Income account. The overall affect to Members Equity on the Balance Sheet is \$0.

4. Gondola Budget – First Draft Review

Mr. Loebe and Mr. Johnson made the following comments regarding the 2019 Gondola budget:

- Operations is up 10.4% from the revised 2018 budget due to employee costs, fixed overhead and MARS operations.
- There are 16 full-time, year-round gondola employees of which 13.5 are allocated to the Gondola/Chondola and 2.5 are allocated to the bus. There are 4 supervisors.
- The 9% increase in employee costs is to do a catch-up for additional employees at the end of 2018. Maintenance was also underestimated in 2018 with regards to allowances for overtime relative to extended hours.
- Capital expenditures include replacing the control system at a cost of \$1M. Station upgrades to include the widening of the entry way at Oak Street at a cost of \$300K. Planning and engineering to install an escalator at the Gondola Plaza stair case for \$50K and another \$50K to extend the bumper rails at station 6 to improve the ease of passenger loading.
- Extending gondola hours in the fall-off season will be considered as a part of the 2019 budget process with both towns.

After some discussion it was determined that the \$50K expense for planning and engineering of a potential escalator at the Gondola Plaza should be removed. Member Proteau commented that the bathrooms at Oak Street need an upgrade and expansion. Since this area and land is used more for Telluride events than Mountain Village events, the Town of Telluride should be asked to help pay for this expansion.

5. 2018 RETA performance

Director of Operations and Finance Brafford noted that based on year-end projections, it looks like RETA will end the current month \$315K less than budgeted. This is because there is less inventory and of the inventory on the market, much of it is higher priced and tends to sell less quickly. The total 2018 projected RETA is still on budget. RETA for the 2019 budget will be adjusted down due to inventory, as well.

6. MV Economy Stats

Executive Director Benitez reported that sales tax is up 4%, lodging is up 7% and retail is up slightly over last year. Restaurant is currently down but it lags with sales taxes and the town will make an adjustment when August numbers are released. Grocery and liquor is also down.

7. Investment committee update

Director of Operations and Finance Brafford reported that Ms. Cavness's seat is up for reappointment on the Investment Committee and she has expressed interest in serving another term. This open seat will be included in our next e-communication; however, it would be ideal to continue with Ms. Cavness on the committee as she is knowledgeable in compliance and helped to create the new investment policy.

8. 2019 Budget Planning

Director of Operations and Finance Brafford noted that as staff and the board plan for expenses over the next three to five years, consideration to raise dues is warranted. Dues currently cover \$1.1M of the \$2.2M in member operating expenses. The 2019 budget can be covered with a 50% increase in dues otherwise TMVOA will need to tap into reserves, especially if RETA continues a downward trend. It was suggested that dues be increased by 25% in 2019 and then another 25% in 2020. Communication points should also be gathered so that everyone is on the same page with the reasoning behind the proposed increase. More research will be done and reported back to the Board on the potential increase.

9. Food and Wine Update

Director of Operations and Finance Brafford noted that there are advertising and marketing expenses that will be incurred this year for the food and wine event, which needs to be accounted for appropriately according to GAAP. The industry standard is that the items are expensed when they are incurred. Board approval of expenditures up to \$90K in 2018 is requested.

On **MOTION** by Director Badger to approve the expenditure of up to \$90K in Telluride Reserve marketing and advertising expenses, seconded by Director Kunda, the **MOTION** carried unanimously (6-0).

As a general update, there were over 35 applicants for TMVOA's new Events and Experience Manager position of which twelve were highly qualified. The screening process is being conducted by TMVOA along with Stephen Roth and Andrew Shaffner of TSG. The hope is that the position will be filled in the next several weeks. **New Business / Other Business**

10. DAR Issues

Executive Director Benitez reported that, after careful analysis, TMVOA has been subsidizing Dial A Ride for for-profit businesses and there is a gross disparity in how many people use over the max allowed versus how many people use the service on an average basis. He suggests the Board adopt a more equitable complimentary number and a charge per ride over that number. After some discussion, staff will do some more research and present three options for consideration at the next meeting.

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

On a **MOTION** by Director Royer, seconded by Director Kunda, the meeting went into Executive Session at 5:40 p.m. MDT.

On a **MOTION** by Director Proteau, seconded by Director Richardson, the meeting came out of Executive Session at 6:15 p.m.

12. Adjournment

On a **MOTION** by Director Badger, seconded by Director Kunda the meeting adjourned at 6:15 pm MDT.