Telluride Mountain Village Owners Association (TMVOA)

Notice of Board Meeting and Agenda

Meeting Date and Time: Tuesday, July 12, 2016 at 4:00 p.m.

Meeting Location: Mountain Village Town Hall
455 Mountain Village Boulevard
Mountain Village, Colorado 81435

<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
<th>Time Allotted</th>
<th>Type</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>4:00</td>
<td>1.</td>
<td>5 min.</td>
<td>Action</td>
<td>Call to Order and Determination of Quorum</td>
</tr>
<tr>
<td>4:05</td>
<td>2.</td>
<td>10 min.</td>
<td>Action</td>
<td>Review &amp; Approval of Special Board Meeting Minutes from March 1, 2016 (pgs 2-6) &amp; May 12, 2016 (pgs 7-9)</td>
</tr>
</tbody>
</table>
| 4:15   | 3.          | 45 min.       | Informational | TMVOA Updates
    - Strategic Plan Update (pgs 10-12)
    - Member Communication Plan (pg 13)
    - Single-Family Lot Subdivision (pg 14)
    - Town Hall Subarea (pg 15)
    - Financials & Investment Committee (pgs 16-18)
    - Lot 161 C-R Update (pg 19)
    - Sunshine Valley Affordable Housing
    - MV Core Roof Tile
    - Internet Outage |
| 5:00   | 4.          | 10 min.       | Action   | Gondola Plaza Agreement (pgs 20-30) Summer Programming/Recategorization (pg 31) |
| 5:10   | 5.          | 10 min.       | Informational | New Business / Other Business |
| 5:20   | 6.          | 5 min.        | Informational | Next Meeting Date: August 17th @ 4pm |
| 5:25   | 7.          | 5 min.        | Action   | Adjourn                                                               |
MINUTES OF THE TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION

SPECIAL BOARD OF DIRECTORS MEETING

MARCH 1, 2016

BOARD MEMBERS PRESENT: Bill Jensen, Pete Mitchell, Jim Royer, Jeff Proteau, Jeffrey Badger, Robert Stenhammer

BOARD MEMBERS ABSENT: None

STAFF PRESENT: Anton Benitez, Garrett Brafford, Heidi Stenhammer and Charles Johnston

STAFF ABSENT: None

OTHERS PRESENT: Duncan Hogarth – Hotel Madeline and Residences, Stephanie Fanos – TMVOA Legal Council

1. Call to Order and Determination of Quorum

Chairman Jensen called the meeting to order at 8:15 a.m. MDT. Chairman Jensen announced that a quorum had been established.

2. Approval of the Minutes from the January 15, 2016 Special Board of Directors Meeting

Chairman Jensen asked for a MOTION to approve the previous special meeting minutes.

On a MOTION by Director Royer to approve the Minutes from the January 15, 2016 Special Board of Directors Meeting, seconded by Director Mitchell, the MOTION passed (6-0.)

3. Meeting Overview and Objectives

Mr. Benitez opened the meeting with a high-level overview of the meeting objectives and process for revising TMVOA’s vision, mission and core values. Strategic areas of focus will also be reviewed. Mr. Benitez also took the opportunity to introduce TMVOA’s newest employee, Charles Johnston, who is our new staff accountant. Mr. Johnston moved to the area from Houston, has two young children with another on the way, seven years of accounting experience and holds a CPA.
Mr. Proteau noted that all board members should be familiar with TMVOA Bylaws and Declaration which will be the guiding documents for today’s discussion. Ms. Fanos noted that the governing documents should overlay the conversations. These governing documents can be changed however it would take a vote of the membership to amend the Declaration and certain provisions of the Articles and Bylaws. TMVOA is a tax exempt 501(C)(4) organization which means that its focus needs to be in concert with civic organizations exempt purposes of social welfare and the general good of the community in accordance with IRS regulations. TMVOA is pre-CCIOA (Colorado Common Interest Ownership Act) however there are many provisions of the act that applies to TMVOA and its functions as a corporation. Mr. Stenhammer noted that Colorado is one of only eight states that requires its managers to obtain a license of which Mr. Benitez and Mr. Brafford have been recently licensed.

Mr. Royer inquired as to whether or not TMVOA board members are allowed to lobby for specific political issues. Ms. Fanos noted that while Board members can “lobby” (as defined under IRS regulations) they cannot be involved in campaigns for elected offices and cannot expend a significant amount of TMVOA funds toward lobbying. Board members need to be careful about what capacity they are representing. If TMVOA board members adopt a particular position on a TMV issue, it is permissible however, TMVOA will need to carefully determine how it handles these types of activities and each circumstance will have to be individually evaluated.

**4. Strategic Planning**

Mr. Benitez noted that one of the last strategic planning meeting of TMVOA’s Board of Directors was held in 2007 however many of the ideas were not implemented. This meeting is a good time to review and revise TMVOA’s vision, mission and core values and the staff will communicate the revisions to the membership for input. After 30 days of review another special meeting will be held to further revise the vision, mission and core values and the final draft can be reviewed and approved at the next regularly scheduled May 18th Board meeting. This will be a great opportunity for member education and input.

**Vision Statement**

A discussion ensued regarding the vision statement and after several drafts and revisions it was suggested that it read: “a unique multi-generational mountain resort village that promotes constructive relationships with all regional stakeholders.”

**Mission Statement**

TMVOA’s current mission statement states: “Preserve and promote a vital resort community for its members, with attention to creating a sustainable village with a vibrant economy. To accomplish this mission, our primary areas of focus include: event sponsorship, gondola funding, grant awards, community research, and guest services funding.”

Ms. Fanos noted that the mission statement is not a part of TMVOA’s governing documents and therefor it can be modified as deemed necessary and adopted with a resolution.

After much discussion it was agreed that the revised mission statement should include bulleted key words/phrases and read:
It is TMVOA’s mission to promote:

- Member communication and education
- Economic prosperity
- Enhanced property values
- Unique / quality owner and guest experience
- Active and inspiring recreational lifestyle
- Environment stewardship
- Vibrant regional community
- Neighborhood preservation
- Transportation and access
- High quality development opportunities.

Core Values

The Board discussed various core values and determined the following to be the most important:

- To proactively serve the interests of our membership
- Responsible fiduciary management
- Communicate and educate
- Unyielding Commitment to quality
- Commitment to well-planned and executed development

Strategic Areas of Focus

Mr. Benitez noted that as the vision, mission and core values are fine-tuned and finalized, the strategic areas of focus will be set and will revolve around operations, membership engagement/services, local transportation and economic development/sustainability.

5. New/Other Business

Lot Splits

Ms. Fanos explained that the issue of single family lot splits has caused quite a controversy amongst residents as of late. It was agreed that Mr. Benitez will read a letter during the upcoming special design review board meeting to request that a moratorium be placed on the application until the issue is properly vetted.

Town Hall Subarea

A Town Hall Subarea group has been formed to determine the best way to proceed with the parcels around the Town Hall property. Some of TMVOA’s board of directors will serve on this committee and this board will be kept apprised of future decisions and actions.
Regional Transit Authority

The Regional Transit Authority is a legacy issue that has been envisioned for quite some time. It is a joint effort between San Miguel County, the Town of Telluride and the Town of Mountain Village and will encompass the R1 school district with the ability to expand. This organization will be responsible for defining transportation services and funding mechanisms which could include mills, sales taxes, vehicle registration fees and grants.

A discussion ensued regarding making an effort to educate voters and ensure that second homeowners are allowed to vote on this issue. This process is on a tight timeline as there is a state law that sunsets in 2019 that has to do with the ability to create a funding mechanism with sales tax dollars. The efforts are being headed up by the heads of the three entities and this board will be kept apprised on progress.

Economic Impact Study

Mr. Brafford reported that the economic impact study will include information provided by Oswald Graber and his ongoing gondola study and its economic impact, a hot bed analysis, lot 161CR and the potential need and impact for an additional hotel. This will establish a base line against which future studies can be measured. Representatives from TMV and Town of Telluride can be invited to participate as advisors.

Power Outage & Wind Event

A discussion ensued regarding the power outage and wind event last month and the poor governmental responses. There was misinformation provided to the public with regards to when power would be restored which led to actions that would have been different if more realistic time-frames were provided. The need for redundant power was emphasized and all present agreed that it was a good decision for TMVOA to spend the necessary funds to make that happen this year. While redundant power will help ensure gondola operations during power failures it will obviously not help during wind events.

It was noted that the various governmental organizations are fine-tuning their procedures for future events such as these and will have a much improved response process.

Employee Housing

Mr. Brafford explained that TMVOA owns four vacant lots in Mountain Village and one in Lawson Hill. These lots were acquired because TMVOA donated funds to the housing authority for the purchase of land for the construction of employee housing units and when that construction didn’t occur ownership of the land reverted back to TMVOA.

It was noted that the lots in Sunshine Valley should be explored first for employee housing as plans already exist for those properties. These future units could be master leased for 10-20 years to make the project more desirable for a developer. Mr. Brafford noted that he will do additional research and report back at the next FAB meeting.
**Member Liaison**

All present approved the creation of a new full-time TMVOA Member Liaison staff position and gave Mr. Benitez approval to begin the recruiting process. The person in this role will be primarily responsible for member communications.

6. **Executive Session**

While an executive session was scheduled on the agenda it was deemed unnecessary.

7. **Adjournment**

On a **MOTION** by Director Royer, seconded by Director Proteau, the meeting adjourned at 3:00 pm MDT.
MINUTES OF THE TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION

SPECIAL BOARD OF DIRECTORS MEETING

MAY 12, 2016

BOARD MEMBERS PRESENT: Bill Jensen, Jeff Proteau, Robert Stenhammer (phone), Pete Mitchell, Jim Royer, Duncan Hogarth, and Jeff Badger (phone)

BOARD MEMBERS ABSENT: None

STAFF PRESENT: Anton Benitez, Heidi Stenhammer, Garrett Brafford

STAFF ABSENT: N/A

OTHERS PRESENT: Stephanie Fanos (TMVOA legal counsel)

1. Call to Order and Determination of Quorum

Chairman Jensen called the meeting to order at 8:35 a.m. MDT and determined that a quorum was present.

2. Review & Approval of the March 1, 2016 Special Board Meeting Minutes

This item was tabled until the next special board meeting because some members present did not have the opportunity to adequately review the March 1, 2016 Special Board of Directors meeting minutes.

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

On a MOTION by Director Proteau, seconded by Director Mitchell, the meeting went into Executive Session at 8:40 a.m. MDT.

On a MOTION by Director Badger, seconded by Director Royer, the meeting came out of Executive Session at 9:50 a.m.

4. New Business / Other Business

Determine Next Date for Regular Board Meeting

The next Board of Directors meeting will be held on Tuesday, June 21, 2016 at 4:00 p.m. at Mountain Village Town Hall.
**Member Liaison Position and Contracted Communications Help**

Mr. Benitez noted that he has received 19 applications for the Member Liaison position of which a handful of the individuals are local. It was agreed that this should be a full-time employment position with the goal to have the same person in the position for at least three years. Mr. Benitez will set up meetings with the most promising candidates and will include several board members in the process which could take a few months.

In the meantime, Mr. Benitez noted that it is important to start communicating to TMVOA members about the new proposed hospital, the regional transit authority, workforce housing and other strategic planning matters. Mr. Benitez proposed hiring a gentleman by the name of Mark Eddy who has extensive experience with public policy issues and has written for the Denver Post for many years. Chairman Jensen noted that he has worked with Mr. Eddy in the past and has great confidence in his ability to communicate and educate TMVOA members on issues in an un-biased, fact-oriented manner. Contracting with him on a short-term basis would require an allocation of funds by the board out of the general contingency in the 2016 budget, and Mr. Benitez suggested allocating $75,000 to be used over a period of six months for his services.

On a **MOTION** by Director Royer to allocate up to $75,000 of contingency funds over six months to contract with Mark Eddy for his communications services, seconded by Director Mitchell, the **MOTION** passed unanimously (7-0).

**Workforce Housing**

Mr. Brafford reported that he is exploring workforce housing at three TMVOA-owned sites, including Sunshine Valley, Lawson Hill and Timberview; however, he is currently focusing his efforts on the Sunshine Valley property. Mr. Benitez reported that he and Ms. Fanos recently did a site walk at the Sunshine Valley property with 20 people from the homeowner’s association to better understand any issues of concern regarding the proposed development. Issues raised were relative to the neighborhood fit and design, parking being located too close to the main access road, and the types of employees that would be living in the development. Currently, there are two other affordable housing developments proposed in this area, which is also adding to their concerns.

Mr. Brafford noted that, in his opinion, there are some issues with the existing plans. The cost per square foot is too high to make an affordable housing project work and the design does not conform to the neighborhood. Director Proteau noted that a guaranteed maximum cost to build needs to be written in the agreement, if possible, regardless of which contractor is selected.

Mr. Brafford stated that next steps will include continuing to get other options on the architectural plans, determining master tenant financial implications, submitting an insubstantial plat amendment and condo map amendment to the County, and revising the timeline to reflect these changes.
member communication will need to be issued in the near future to explain the key points of the project.

Chairman Jensen noted that TMVOA needs to be the driving force behind this project. There exists a large market of small investors willing to take 7 or 8 percent on their return from an established project based on cash flows.

Director Proteau noted, on another subject, that TMVOA owns the parking area on Lot 161-CR and should take charge of that area as the parking situation can get out of control.

**Adjournment**

On a **MOTION** by Director Badger, seconded by Director Mitchell, the meeting adjourned at 10:30 am MDT.
INTEROFFICE MEMO

RE: Strategic Planning Process

Date: July 7, 2016

From: Anton Benitez, Executive Director

Based on TMVOA’s Special 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 (see following page).

At this point, there appears to be consensus on:

- Mission
- Strategic areas of Focus
- Key Initiatives
- Core Values

With regards to the organization’s Vision (i.e. where we want to be in the future), we are very close, with likely only some final wordsmithing needed. The three iterations (in chronological order) that have been discussed are listed below, with key word changes indicated in red.

A. To be a unique multigenerational resort village that promotes constructive relationships with all regional stakeholders

B. A unique multigenerational resort community that promotes constructive relationships with all regional stakeholders

C. A unique multigenerational resort town that promotes the community through constructive relationships with all regional stakeholders

RECOMMENDATIONS

1. Board discussion and alignment on Vision
2. Send out to final Board recommended Roadmap to TMVOA membership for review and feedback, with goal to approve Strategic Roadmap at August Board meeting.
## Vision

A unique multigenerational resort community that promotes constructive relationships with all regional stakeholders

### Mission

**To promote:**
- Member communications & education
- Economic prosperity
- Enhanced property values
- Unique / quality owner & guest experience
- Active & inspiring recreational lifestyle

**Key initiatives:**

<table>
<thead>
<tr>
<th>Strategic Areas of Focus</th>
<th>Transportation</th>
<th>Economic Vibrancy &amp; Sustainability</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve Communications</td>
<td>Aerial: Long Term Strategy</td>
<td>Champion Real Estate Values</td>
<td>Approve &amp; Execute Strategic Plan</td>
</tr>
<tr>
<td>Optimize Amenities</td>
<td>Ground: Optimize</td>
<td>Stimulate &amp; Grow Economy</td>
<td>Build Positive Partnerships</td>
</tr>
<tr>
<td>Maximize Assets, Returns &amp; Value</td>
<td>Improve Accessibility</td>
<td>Increase Productivity</td>
<td></td>
</tr>
</tbody>
</table>

### Core Values

- Proactively serve the interests of all members
- Open, transparent & fiduciary management
- To inform and educate
- Unyielding commitment to quality
- Commitment to well-planned & executed development
<table>
<thead>
<tr>
<th>Name</th>
<th>Summary of Feedback</th>
<th>Areas</th>
<th>Essence of Feedback</th>
</tr>
</thead>
</table>
| Brian Eaton (3/17)   | • Moved here for beauty, peacefulness, and to recreate  
• Concerned about too much development; shouldn’t be at expense of environment  
• MV is small, remote, summer & winter European-styled resort  
• Focus on quality of life and assure a bright future  
• TMVOA should be engine that drives regional issues (transportation, airlift, housing, medical care) | Member Representation & Services  
Economic Development  
VISION                   | • High-quality of life w/ focus on recreation  
• Protect environment  
• Vision – small, remote, European-styled resort  
• Regional leadership – drive big initiatives |
| Greg Ritter (3/16)   | • Responsible fiduciary [met] – insuring each class of member’s receive value from expenditure in proportion to that class dues | CORE VALUES  
Member Representation & Services | • Transparency & fiduciary management  
• Member amenities |
| Dan Garner (3/15 & 3/30) | • Don’t take sides in issues involving “individual members & their neighbors”  
• Should focus on historical mission of econ dev & member transportation  
• Transparency and avoid conflicts of interests (e.g. TGS w/ 3 board seats)  
• Don’t take positions that could be perceived as political  
• Maintain & enhance the Gondola  
• Vision – shouldn’t focus be within the boundaries of MV | CORE VALUES  
Member Representation & Services  
Transportation  
Economic Development  
VISION | • Highest level of integrity  
• Impartiality  
• Gondola – responsible LT plan  
• Vision – Focus on MV owners & within MV boundaries |
| Stacie Ward (3/15)   | • We share your vision, especially enhanced property values & environmental stewardship                                                                                                                            | Economic Development | • Enhanced property values  
• Environmental stewardship |
| Dan Jansen (3/25)    | • Enhancing property values – encourages TMVOA to engage EPA on “cumulative impact standard” that they appear to be applying to MV  
• Vision – consider focusing on being a great association, one that works to enhance the member experience & contributes to the broader community  
• Do more to include the full time working families in the association | Economic Development  
VISION | • Enhanced property values  
• Vision – “resort” may be limiting; there are a lot of FT residents  
• Inclusiveness |
| Neal Elsberry (3/30) | • The mountains are there and you either embrace the uncrowded mountains or you don’t  
• Call MV what it is... and make it a nice suburb and don’t continue to be a mini-me for Telluride | VISION | • Environmental stewardship |
| Jeffrey Fasolo (3/30) | • Enhance property values on free market deed restricted properties                                                                                                                                            | Economic Development | • Enhanced property values |
| Tom Walden (3/30)    | • Strategic roadmap should be reviewed from time to time to ensure it currently reflects the intent of the stakeholders  
• Responsible fiduciary management – I believe that if challenged, the lot 161 purchase would be found to be in violation of the fiduciary duty standard | CORE VALUES | • Transparency & fiduciary management  
• Integrity |
| Gary Hoover (3/30)   | • Overriding objective should be to achieve and maintain a very high quality environment with an emphasis on excellence for property owners | VISION | • Enhanced property values  
• Environmental stewardship |
| David Echols (3/30)  | • When proposals to change density & destroy an existing view – this should be carefully considered                                                                                                           | Economic Development | • Environmental stewardship  
• Protect views, tranquility of MV |
The board and staff of the Telluride Mountain Village Owners Association are committed to keeping our 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).

We have started this communication strategy, sending out our first email communication on June 3, and followed with another communication of July 6.

We want to make sure these communications are easy to read and are formatted in a way that allows members to scan subjects quickly and go to the ones that most interest them or that they want more information about.

To accomplish this, subject titles are bolded, followed by a succinct update and information (i.e. news story layout), instead of just one long communication piece. It is our intention to supplement future communications with links to documents that contain more detailed information pertaining to the various topics.
At their July 7 meeting, the DRB considered Town Council’s proposed amendment to the CDC on single-family lot subdivision and rezoning. Outcomes were:

**DRB voted AGAINST any lot splitting/subdivision of single-family lots – this will be their RECOMMENDATION to Town Council**

Vote was 5-to-2, with no votes from Keith Brown and David Craig (Banks Brown was not present)

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.

From TMVOA’s July 6th Member Communication

- Only lots 6 acres or larger would be eligible for subdivision and may only be divided into two single-family lots, each of which must be a minimum of 3 acres
  - According to discussion, 20 MV lots (at most) would be eligible for such a split
- Creation of a new single-family planned unit development (SFPUD) process, with a written noticing requirement to property owners within 1,500 feet of properties that are the subject of such applications
  - Currently Town rules require property owner noticing within 400 feet
- Single family zoned lots may only be rezoned to Passive Open Space or the new single-family PUD district
- Eliminating the subjective “exceptional” test as a condition for rezoning
- Would require a public benefit provided as consideration of a lot split

The town’s next Town Council meetings are:

Town Council – July 21, August 18
In an effort to promote well-planned and high-quality development scenarios for the Town Hall Subarea, the three primary property owners (TMVOA, Town of Mountain Village and Telluride Ski and Golf) are partnering to carefully evaluate the most appropriate uses for this area of our Town. 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

The committee is currently deliberating and anticipate making a final discussion by July 15
Quarterly Financial Snapshot- Q1

- YTD 2016 RETA is pacing $7.4K over budget, $44K under prior year, and $22K over the 5-year average.
- YTD 2016 Gondola major repairs/replacement/capital outlay include: gear box rebuilds, bull wheel replacement, conveyor rebuilds, and a down-payment for AC drives/motors.
- Approved Q1 Economic Stimulus contingency funding- World Congress on Mtn. & Wilderness Medicine ($15K) and Madeline Concert Series ($10K) for a total Q1 contingency spend of $25K.
- Interest and investment income is $103K over prior YTD.
- Quick Ratio (liquidity)= 7.4, Debt to Equity Ratio (solvency)= 0.33, Debt to Assets Ratio (solvency)= 0.21. Quick ratio indicates that liquidity position (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.

**Summarized Financials**

- **Summarized Balance Sheet**
  - As of March 31, 2016
  - Cash & Equivalents: 3,787,091
  - Restricted Cash: 1,000,000
  - Marketable Investments: 17,236,545
  - Land Held for AH & Resale: 10,535,982
  - Property and Equipment: 4,432,651
  - Other Assets: 225,431
  - Total Assets: 37,217,699
  - Long-term Debt: 7,764,753
  - Other Liabilities: 1,405,944
  - Total Liabilities: 9,170,697
  - Equity- Undesignated: 20,488,532
  - Equity- Designated: 7,754,252
  - OCI: (195,782)
  - Total Members Equity: 28,047,002
  - Total Liab. & Equity: 37,217,699

- **Summarized Income St.**
  - RETA: 1,061,974
  - Assessments: 687,744
  - Other Revenue: 493,505
  - Total Revenue: 2,243,223
  - Gondola Ops: 1,065,578
  - Gen & Admin.: 322,367
  - Grants/Econ/DAR: 137,138
  - Other Expense: 68,214
  - Total Expense: 1,593,297
  - Net Income: $649,926

**RETA Performance**

- Prior Yr: -
- Interest: -
- Total RETA: 1,060,974

**Gondola Analysis- 3/31/2016**

- Q1 Total. Exp. $1.4M. 10% under bdgt.
  - Worker's comp & personnel savings
- Gondola O&M. TMV budget shortfall $117K (includes Admin).
- Chondola O&M/Cap. TMV $12K under bdgt.
- Funding. $2.9m
  - TMVOA (76%) $1.6M
  - TSG (6%) $88K lift ticket sales
  - Grants (16%) $236K
  - Event Ops funding (<1%) $5K
  - Sale of Assets (<1%) $3K

**RETA Performance Comparison**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2016 Bdgt</th>
<th>2015</th>
<th>5 Yr Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan.</td>
<td>376,875</td>
<td>248,591</td>
<td>361,947</td>
<td>245,046</td>
</tr>
<tr>
<td>Feb.</td>
<td>553,872</td>
<td>343,485</td>
<td>349,170</td>
<td>338,586</td>
</tr>
<tr>
<td>March</td>
<td>130,227</td>
<td>461,541</td>
<td>394,092</td>
<td>454,958</td>
</tr>
<tr>
<td>Total</td>
<td>1,060,974</td>
<td>1,053,617</td>
<td>1,105,209</td>
<td>1,038,591</td>
</tr>
</tbody>
</table>

**Investment Analysis**

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Cash &amp; Equivalents</th>
<th>Investments</th>
<th>YTD 2016 Total</th>
<th>YTD 2015 Total</th>
<th>Var. $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>274,445</td>
<td>13,615,515</td>
<td>13,889,960</td>
<td>13,615,420</td>
<td>274,540</td>
</tr>
<tr>
<td>Equity</td>
<td>109,126</td>
<td>3,237,458</td>
<td>3,346,584</td>
<td>3,140,498</td>
<td>206,087</td>
</tr>
<tr>
<td>Total</td>
<td>$383,572</td>
<td>$16,852,973</td>
<td>$17,236,545</td>
<td>$16,755,918</td>
<td>$480,627</td>
</tr>
</tbody>
</table>

*For Management Use Only*
Telluride Mountain Village Owners Association
Un-audited Balance Sheet
As of March, 31 2016

<table>
<thead>
<tr>
<th>Assets</th>
<th>March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,787,091</td>
</tr>
<tr>
<td>Restricted Cash</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Temporary money market investment</td>
<td>$383,572</td>
</tr>
<tr>
<td>Marketable investments</td>
<td>$16,852,973</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$119,002</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>$103,565</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>$2,863</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$4,432,651</td>
</tr>
<tr>
<td>Land held for affordable housing</td>
<td>$2,228,923</td>
</tr>
<tr>
<td>Land held for resale</td>
<td>$8,307,059</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$37,217,699</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Members' Equity</th>
</tr>
</thead>
</table>

**Liabilities**

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$1,360,247</td>
</tr>
<tr>
<td>Other accrued liabilities</td>
<td>$45,697</td>
</tr>
<tr>
<td>Wells Fargo Line of Credit</td>
<td>$7,099,683</td>
</tr>
<tr>
<td>Bond funding due to the Town of Mountain Village</td>
<td>$665,070</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$9,170,697</strong></td>
</tr>
</tbody>
</table>

**Members' Equity**

<table>
<thead>
<tr>
<th>Members' Equity</th>
<th>March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members' equity, undesignated</td>
<td>$20,488,532</td>
</tr>
<tr>
<td>Members' equity, board designated</td>
<td>$7,754,252</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>$(195,782)</td>
</tr>
<tr>
<td><strong>Total Members Equity</strong></td>
<td><strong>$28,047,002</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities and Members' Equity**

<table>
<thead>
<tr>
<th><strong>Total Liabilities and Members' Equity</strong></th>
<th><strong>March 31, 2016</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$37,217,699</strong></td>
</tr>
</tbody>
</table>

**For management use only (not a compilation)**
Telluride Mountain Village Owners Association  
Un-audited Income Statement  
January 1 - March 31, 2016

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Jan 1 - Mar 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Transfer Assessment</td>
<td>1,061,974</td>
</tr>
<tr>
<td>Owner assessments, net of discounts</td>
<td>687,744</td>
</tr>
<tr>
<td>Rents</td>
<td>125,378</td>
</tr>
<tr>
<td>Interest and investment income</td>
<td>367,222</td>
</tr>
<tr>
<td>Event revenue</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>2,242,323</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gondola Operations</td>
<td>634,959</td>
</tr>
<tr>
<td>General and administrative</td>
<td>322,367</td>
</tr>
<tr>
<td>Depreciation</td>
<td>44,523</td>
</tr>
<tr>
<td>Member communications and marketing</td>
<td>1,112</td>
</tr>
<tr>
<td>Interest expense</td>
<td>20,496</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>1,023,457</strong></td>
</tr>
</tbody>
</table>

Excess of Revenues Over Expenses Before Discretionary Expenses and Non-Recurring Costs  

<table>
<thead>
<tr>
<th>Discretionary (Expenses) and Non-Recurring Revenue and (Costs)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gondola major repairs</td>
<td>(430,619)</td>
</tr>
<tr>
<td>Economic development and events</td>
<td>(1,229)</td>
</tr>
<tr>
<td>Other non-recurring costs</td>
<td>0</td>
</tr>
<tr>
<td>Grants and Funding</td>
<td>(135,909)</td>
</tr>
<tr>
<td>Guest Services</td>
<td>(2,082)</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>900</td>
</tr>
<tr>
<td><strong>Total Discretionary (Expenses) and Non-Recurring Revenue and (Costs)</strong></td>
<td><strong>(568,939)</strong></td>
</tr>
</tbody>
</table>

**Excess of Revenue Over Expenses**  

| **$ 649,926** | ****For management use only (not a compilation)** |
INTEROFFICE MEMO

RE: Lot 161C-R

Date: July 7, 2016

From: Anton Benitez, Executive Director

TMVOA Invests in the Future of Mountain Village

Progress Update on Pre-Development Plan for Lot 161C-R

This past September 2015, 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. We will continue to keep you updated on this important project.
The Mountain Village Gondola Plaza, specifically the area on the second floor where both gondola terminals are 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 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. These allocations are included in the following Exhibits:

- Exhibit B – Allocations for maintenance, repair, and resurfacing of gondola plaza
- Exhibit C – Allocations for snowmelt and gas heating

**Based on these allocations, the total cost associated with the Gondola is $241,878** (as summarized below); 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.
GONDOLA PLAZA FUNDING AND MAINTENANCE AGREEMENT

THIS GONDOLA PLAZA FUNDING AND MAINTENANCE AGREEMENT ("Maintenance Agreement") is entered into and made effective as of this_____ day February, 2016 ("Effective Date") by and between TSG GONDOLA, LLC, a Delaware limited liability company ("TSG"), Telluride Mountain Village Owner’s Association, a Colorado non-profit corporation ("TMVOA") and TOWN OF MOUNTAIN VILLAGE, a home-rule municipality and political subdivision of the State of Colorado, ("Town").

RECITALS

A. TSG is the owner of Lot 53A and buildings on Lot 53A (except Gondola Terminal Buildings), Town of Mountain Village, which includes ticketing, day care, office space, the gondola plaza, and other facilities.

B. Pursuant to an Easement Agreement recorded 3/30/92 at Reception Number 275981, Telco, TSG’s predecessor in interest, granted to the Gondola Transit Company, Town’s predecessor in interest, an 80 foot wide non-exclusive, perpetual easement to build the gondola and also for ingress/egress to the gondola as well as repair and maintenance of the gondola as well as the easement area (“1992 Easement”).

C. On April 24, 1996, a Replat of Lot 53A was recorded at Reception No. 304817 showing the location of the 1992, 80 foot Easement on Lot 53A across the upper level of the Gondola Plaza, as depicted on Exhibit A attached hereto and incorporated herein.

D. Pursuant to a Bill of Sale – Gondola Terminal Structures and Grant of Easement, recorded on 12/30/96 at Reception Number 309740 ("Gondola Plaza Easement"), the Town, as successor, is the recipient of the gondola terminal structures, consisting of “all building components located above the grade of the upper gondola plaza and surrounding the gondola terminal facilities” associated with both legs of the gondola extending from Station Mountain Village to Station St. Sophia and from Station Mountain Village to Station Village parking.

E. Further, pursuant to the Gondola Plaza Easement, the Town is the grantee and beneficiary of a perpetual, non-exclusive easement for the following uses: “(1) on, over and across the upper level gondola plaza, located on Lot 53A for all uses related to operating, maintaining and repairing the gondola; (2) for use of the public restrooms located on Lot 53A; and (3) for use of the elevator located on Lot 53A.”

F. Various facilities serve the Gondola Plaza, including a flat, snow-melted walking surface; the entire area of the upper gondola plaza level (“Upper Gondola Plaza”), boilers and snow melt system, bathrooms, stairs, elevator and other facilities (collectively the “Gondola Plaza Facilities”).
G. Neither the Gondola Plaza Easement nor the 1992 Easement address the funding or cost sharing for any of the Gondola Plaza Facilities.

H. TMVOA under agreements between the Town and TMVOA funds the operation, repair and maintenance of the Gondola Transit System and its related capacities. Therefore funding obligations related to the Gondola Plaza Easement and Gondola Plaza Facilities directly impact TMVOA and TMVOA’s funding obligations.

I. The parties desire to enter into this long term Maintenance Agreement in order to apportion each party’s respective funding, maintenance, repair and other responsibilities with respect to the Gondola Plaza Easement and the Gondola Plaza Facilities.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:


On an annual basis, which shall occur by no later than August for the purpose of ascertaining maintenance needs for the following fiscal year, TSG shall assess and inspect the Upper Gondola Plaza for regular maintenance needs, including but not limited to, prevention and repair of D-cracking, spalling, leaks, water damage, snow damage, and other such damage that may result from the elements on a yearly basis (“Routine Maintenance”). Based on such annual inspections, TSG shall, on or before September 1 of each year, provide the Town with an assessment of the required Routine Maintenance costs (“Annual Assessment”). Upon receipt of the Annual Assessment, the parties shall confer within thirty (30) days to agree on necessary Routine Maintenance to occur in the following fiscal year. Upon mutual agreement, TSG shall perform, or hire a third-party contractor to perform, all Upper Gondola Plaza Routine Maintenance. The apportionment of all Upper Gondola Plaza Routine Maintenance work shall be based on the following percentages: (A) TSG twenty-three percent (23%) and Town seventy-seven percent (77 %), as further depicted and shown on Exhibit B, attached hereto and incorporated herein. TMVOA acknowledges that 100% of the Town costs set forth in this section shall be allocated to the Town’s gondola budget and shall be funded by TMVOA. Upon completion of the re-surface work by TSG or a contractor hired by TSG, TSG shall invoice the Town for 77% of its costs, which shall be paid by the Town within 45 days of receipt of such invoice. The parties agree that any and all repair and maintenance work pursuant to this section shall occur, as may be reasonably possible, outside the operating hours of the gondola transit system.

2. Upper Gondola Plaza Re-surfacing.
The Parties agree that the Upper Gondola Plaza Surface is in need of a re-resurfacing. The area in need of a resurface includes the entire Upper Gondola Plaza area shown on Exhibit B. The cost of this re-surfacing is estimated to be **$166,400**, and shall be apportioned between the Parties per the agreed allocation of **77%** to the Town and **23%** to TSG. TMVOA acknowledges that 100% of the Town costs set forth in this section shall be allocated to the Town’s gondola budget and shall be funded by TMVOA. TSG shall perform, or hire a third-party contractor to perform, all re-surfacing work. Upon completion of the re-surface work by TSG or a contractor hired by TSG, TSG shall invoice the Town for 77% of its costs, which shall be paid by the Town within 45 days of receipt of such invoice. The parties agree that any and all repair and maintenance work on Lot 53A shall occur, as may be reasonably possible, outside the operating hours of the gondola transit system.

3. **Boiler Replacement Work.**

   a. **Total Cost.** The parties agree and acknowledge that the boilers, which currently serve the Lot 53A building, the Gondola Terminal Facilities, the Upper Gondola Plaza snow melt facilities, and the ground level snowmelt, were at the end of their useful life and in need of replacement. The parties acknowledge that TSG contracted with Clearly Mechanical and PDG Welding to remove the existing boilers and replace them with new boilers, which are isolated such that two (2) identifiable and separate boilers will serve the Lot 53A building, and four (4) boilers shall serve the Upper Gondola Plaza snowmelt system (the “Boiler Replacement Work”). The cost of the Boiler Replacement Work was **$275,187**, as evidenced by invoices and payments, already provided by TSG to the Town and TMVOA. The parties acknowledge that TSG has already paid Clearly Mechanical and PDG Welding in full, and that the costs shall be apportioned, and TSG shall be reimbursed, as set forth below.

   b. **Apportionment.** The Parties agree to apportion the costs of the Boiler Replacement Work as follows, and as further described and depicted on Exhibit C, attached hereto and incorporated herein:

      i. TSG shall pay for $91,729.00 representing 100% of the estimated cost of its share of removal and replacement for the two (2) boilers which serve the Lot 53A building.

      ii. TSG shall also pay $69,714.04, which represents

         1. 33% of the cost of the four (4) boilers which serve the Upper Gondola Plaza snowmelt system, shown in green on Exhibit C, as this area is outside the Gondola Easement and simply the roof area of the Lot 53A building; and

         2. 5% of the cost of the four (4) boilers serving the ground level snowmelt, as in pink on Exhibit C. The actual percentage
allocated to the pink area (ground level snowmelt) is actually 10% but the Town and TSG have agreed to split 50/50 the cost of this area because the area is on TSG land but the Town controls its use and it is a public use area.

iii. The Town shall pay $104,571.06, which represents 57% of the four (4) boilers used for the snowmelt system which serves the Upper Gondola Plaza, as depicted on Exhibit C as the blue area, which is the area of the Upper Gondola Plaza within the Gondola Easement and served by the snowmelt system. TMVOA acknowledges that 100% of the Town costs set forth in this section shall be allocated to the Town’s gondola budget and shall be funded by TMVOA.

iv. The Town shall also pay $9,172.90, which represents 5% of the cost of the four (4) boilers serving the ground level snowmelt area, as depicted in the pink area on Exhibit C.

v. In the event there are either savings or additional costs for the Boiler Replacement Work, the parties shall share in such savings or costs in accordance with their respective percentages.

vi. Town shall reimburse TSG in these amounts, within thirty 45 days of receiving TSG’s invoice. TMVOA acknowledges that 100% of the Town costs set forth in this section shall be allocated to the Town’s gondola budget and shall be funded by TMVOA.

4. **Ongoing Boiler Maintenance/Repair Costs.** As set forth above, two boilers shall serve the Lot 53A Building, and the other four boilers will serve the Upper Gondola Plaza snowmelt system. The parties agree to apportion all maintenance and repair work in the same manner as set forth above in Section 3(b) and according to Exhibit C. In connection with the ongoing costs for operating and maintaining the boilers serving Gondola Plaza, TSG grants the Town a license for access to the boiler and related systems to enable the Town, its agents and contractors to monitor, repair, replace and maintain such boiler and related systems.

5. **Boiler Gas, heat and Snowmelt Costs.** Two boilers will exclusively serve the Lot 53A building. Four boilers will exclusively serve the Upper Gondola Plaza snowmelt system. However, the total gas bill for all six (6) boilers are actually read off of one main meter and billed directly from Source Gas/Black Hills Energy to TSG. Therefore, each month, TSG shall pay the total boiler gas bill for all six boilers and then said costs shall be apportioned and reimbursed by the Town and TMVOA, as follows:

a. TSG shall pay 100% of all gas bills associated with the two (2) boilers servicing the Lot 53A building.
b. The Town, funded 100% by TMVOA, shall pay 100% of all gas costs associated with the cost of heating the Gondola Terminal Buildings.

c. TSG, the Town and TMVOA shall share in the cost, per the apportionments described above in Section 3(b) and further shown on Exhibit C, for all gas that heats the snowmelt areas.

6. **Other Operational Uses/Repair Maintenance.** TSG and the Town agree to apportion 50/50 all other costs of repair and maintenance for all operational uses of the other Gondola Plaza Facilities, not specifically mentioned above, including the stairway leading to the Upper Gondola Plaza, the bathrooms and the elevator cleaning.

a. **Stairway Cleaning/Maintenance/Repair.** The Town shall on a once a year basis clean all trash and debris from the stairway leading from the Upper Gondola Plaza down to the “Beach” area. The Town shall invoice TSG for fifty percent (50%) of its actual costs incurred in such yearly cleaning, which shall be paid within forty-five (45) days of receipt of such invoice. **The Town and TSG acknowledge that TMVOA does not have any responsibility to reimburse either the Town of TSG for such costs.**

b. **Gondola Plaza Bathrooms and Elevator Cleaning.** The Town shall contract with a third party cleaning company to clean the Gondola Plaza Bathrooms and Elevator on a re-occurring basis. The cleaning company hired by the Town shall have the ability to store cleaning supplies and re-stocking supplies in the storage closet directly adjacent to the Gondola Plaza Bathrooms. The Town shall also be responsible for performing all other maintenance of the Gondola Plaza Bathrooms on Lot 53A. The Town shall invoice TSG for fifty percent (50%) of the costs related to cleaning and maintenance of the Gondola Plaza Bathrooms, which shall be paid within thirty (45) days of receipt of such invoice. **The Town and TSG acknowledge that TMVOA does not have any responsibility to reimburse either the Town of TSG for such costs.**

c. **Bathroom Remodel.** The parties acknowledge and agree that the parties intend to remodel the bathrooms for an estimated cost of $60,000 to be split by the Town and TSG at fifty percent (50%) a piece. The Town shall contract for this remodel and shall invoice TSG for its percentage of this remodel which shall be paid within forty (45) days. **The Town and TSG acknowledge that TMVOA does not have any responsibility to reimburse either the Town of TSG for such costs.**

d. **Elevator Maintenance.** The Town shall contract with Otis Elevators or another similar contractor in order to have the elevator on Lot 53A serviced and maintained, as required by state and local laws. The Town shall invoice TSG
for fifty percent (50%) of the costs to have the elevator serviced, which shall be paid within forty-five (45) days of receipt of such invoice. The Town and TSG shall also equally split the maintenance costs of the elevator building and associated components. The Town and TSG acknowledge that TMVOA does not have any responsibility to reimburse either the Town of TSG for such costs.

7. **Terminal Structures.** The Town shall be solely responsible for the gondola terminal structures above the plaza surface. Such costs shall be allocated to the Town’s gondola budget, which is funded by TMVOA.

8. **Lot 53A Structures.** TSG shall be solely responsible for the maintenance of the building and associated structural elements, which house the TSG ticket offices, other offices, and daycare on Lot 53A, the “Resort Store” building adjacent to the elevator building on the Gondola Plaza level of Lot 53A and the “Atrium Building” at the center of the Gondola Plaza.

9. **Term and Termination.** This Maintenance Agreement shall be effective from the date first set forth above through December 31, 2027. This Maintenance Agreement may be terminated upon the occurrence of a submittal for a development plan for the adjacent Lot 161CR or the parcel identified as Parcel G on the Town’s Comprehensive Plan as such development will impact the uses and therefore the maintenance and repair obligations on Gondola Plaza.

10. **Emergency Repairs.** The parties understand and agree that circumstances may arise wherein emergency repairs to the Gondola Plaza and Gondola Plaza Facilities are required. In these instances, the recognizing party shall provide Emergency Maintenance Notice of the necessity of repairs due to these circumstances and that repairs shall occur in no less than thirty-six (36) hours after provision thereof. If the receiving party of such Emergency Maintenance Notice fails to respond within 24 hours, the other party may proceed to commence such emergency repairs with the provisions for cost sharing as provided in paragraph 1(a) above.

11. **Insurance.** The parties agree that in all cases of repair work upon the Lot 53A area, appropriate general liability and workers compensation insurance for all employees performing such maintenance shall be maintained at all times in amounts as may be required by Colorado and U.S. law.

12. **Relationship of the Parties.** The Town and TSG agree that this Maintenance Agreement does not establish any agency, joint venture or partnership relationship between the parties.

13. **Assignments and Sublicenses.** This Maintenance Agreement shall not be assignable or transferable by any party except by prior written consent of the other parties.
14. Workmanship. The parties agree to undertake all maintenance and repair obligations in a good and workmanlike manner subject to all parties reasonable acceptance of such workmanship. If any party is dissatisfied with the workmanship of maintenance or repairs of a party, they may notify the party in writing of such dissatisfaction and the parties shall meet within ten (10) days of such notice to resolve any such workmanship issues.

15. Modification. This Maintenance Agreement may only be modified by the mutual written agreement of all parties hereto. No oral statement shall in any manner modify or otherwise effect the terms and conditions set forth herein.

16. Entire Agreement. The parties agree that this Maintenance Agreement constitutes the entire agreement and understanding of the parties relating to the subject matter hereof and supersedes all previous communications, proposals, representations and agreements whether oral or written relating to the subject matter hereof.

17. Disputes. This Maintenance Agreement shall be construed and governed by the laws of the state of Colorado without reference to Colorado’s choice of law or rules with venue being proper for District Court of San Miguel.

18. Attorney’s Fees. In the event of a litigation, mediation or similar dispute between the parties related to this Maintenance Agreement, the prevailing party shall be awarded its costs, including reasonable attorney’s fees.

19. Annual Appropriation. All obligations of the Town pursuant to this Maintenance Agreement are subject to the annual appropriation of funds necessary to fulfill such obligations by the Town.

IN WITNESS WHEREOF, the parties have caused this Maintenance Agreement to be executed by their duly authorized representatives as of the date set forth above.

TSG:

TSG GONDOLA, LLC, a Delaware limited liability company

By: ________________________________

TMVOA:

Telluride Mountain Village Owners Association, a Colorado non-profit corporation
By: ______________________________________
    Anton Benitez

TOWN:

TOWN OF MOUNTAIN VILLAGE, a Colorado home-rule municipality

By: ______________________________________
    Kim Montgomery, Town Manager
Legend

Total Surface = 20195.32 sq ft
Gondola Easement - TMV/TMVOA = 15545.47 sq ft - 77%
TSG = 4650.85 sq ft - 23%
EXHIBIT C - Allocations for Snowmelt & Gas Heating

Snowmelt Area Total = 17166.36 sqft.

- Upper Level Plaza Snowmelt - Gondola Easement: 9765 sqft. - 57%
- Upper Level Plaza Snowmelt - Outside Gondola Easement: 5663.35 sq ft - 33%
- Ground Level Snowmelt: 1738 sqft. - 10%
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 funding 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
  o Total ES Contingency Funding $52,500

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

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.

RECOMMENDATION: Motion to approve $12,000 from the general contingency to be used for tennis programming and classified as member benefit.