

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
FEBRUARY 16, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer, Stephanie Fanos, Brianne Hovey, and Leanne Hart

**STAFF EXCUSED:** Jim Riley

**OTHERS PRESENT:** Carly Shaw (SMVC), AJ (Jim) Wells, Valerie Child, Richard Child, Herman Klemick, Dan Garner, Kate Rideout, Greg Sparks, Diane Klemick, Linda Cook, Alice Butler, John Butler, Shawna LaBorde, Don Orr, Nancy Orr, Greg Ritter, Marolyn Ritter, Cath Jett, John Jett, Meehan Fee, Victoria Irwin, Bob Rogers, Chris Cox, Kim Hewson, Rebecca Mossige, Lynne Smalley, Donalee Kutchera, Anneiliese Riebel, Jolana Vanek, Davis Fansler, Art Kutchera, Margie Francis, Ray Francis, David Schroeder, Rick Hurwitz, Jeff Jurecki, Stephen Barrett, Erick Mosher, Andy Krueger, Scott McQuade, and Seth Cagen

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- 1) **Roll Call and Determination of Quorum** – President Sharp called the meeting to order at 4:04 pm. President Sharp introduced himself and asked the other board members to introduce themselves. Director Greenspan introduced himself as the Commercial Representative. Director Volponi introduced himself as the Lodging Representative. Directors Zemke, Proteau, and Riley introduced themselves as the TSG Representatives, and Director Sweet introduced himself as a Residential Representative.
  - 2) **Consent Agenda** – President Sharp asked Erin Neer to explain why there were so many sets of minutes for review on the agenda today. Ms. Neer explained that the October 20, 2008 minutes had not been approved at the December 3, 2008 meeting and that the December 3, 2008 minutes had not yet been approved as the following meeting was the annual meeting. President Sharp asked for discussion of any of the meeting minutes. Director Volponi **MOTIONED** to approve the October 20, 2008 meeting minutes, Director Greenspan seconded the motion and the motion passed unanimously. Director Greenspan **MOTIONED** to approve the December 3, 2008 meeting minutes, Director Volponi seconded and the motion passed unanimously. Director Sweet **MOTIONED** to approve the December 30, 2008, Director Greenspan seconded the motion and the motion passed unanimously.
  - 3) **Consideration and Acceptance of Amendments to Bank Account Signatories** – President Sharp explained that this item is to get the new officers on the signature cards for the bank accounts and remove previous officers from signature cards. Director Sweet **MOTIONED** to approve the changes, Director Greenspan seconded the motion, and all were in favor.
  - 4) **Consideration and Acceptance of Appointments for TMVOA Committees** –

- a. Gondola Committee: President Sharp said he would like to retain one seat. He asked Director Sweet to join him. Director Zemke asked if it would be more appropriate to have a member of the mountain interests to sit on that seat. Director Greenspan said that the Town's staff has an extensive knowledge of the gondola. Stephanie Fanos explained a potential conflict of interest between the gondola and the Mountain. Director Greenspan explained the primary purpose of the gondola. Stephanie Fanos explained that Director Greenspan would have a conflict of interest as well. Director Sweet asked about the intention of the committee. Ms. Fanos explained that the committee focuses on contractual and financial obligations of the gondola rather than operational obligations. Director Riley said that the Mountain Service member would need to reclude themselves due to financial obligations. President Sharp asked Stephanie Fanos if it were her opinion that the board should not consider a class D member for this committee. Ms. Fanos confirmed and added that it was not just her opinion, but that of Faegre and Benson as well. Director Volponi **MOTIONED** to nominate President Sharp and Director Sweet. All were in favor.
  - b. Ecosign Committee: Director Greenspan **MOTIONED** to replace Mike Wisniewski with President Sharp on the Ecosign committee. Director Sweet seconded the motion and all were in favor.
  - c. Economic Model Committee: President Sharp explained what the economic model committee is and then asked for volunteers to serve on this committee. Director Greenspan asked how he could be involved. Stephanie Fanos said that he could not be involved in this committee. Director Riley said he would like to participate. Director Zemke nominated Director Volponi, Director Proteau nominated Director Riley, Director Sweet seconded the nominations and all were in favor
  - d. Mountain Village Condominium Owners Association (MVCOA): President Sharp said that TMVOA needed 2 members for this committee. Stephanie Fanos explained that this committee's seats are really held by the Mountain Village Mayor and the TMVOA board President. Director Riley **MOTIONED** to nominate President Sharp to the MVCOA committee, Director Greenspan seconded the motion and all were in favor.
- 5) **Consideration and Acceptance of Proposed Board Meeting Schedule for 2009** – President Sharp explained the dates and the frequency of the proposed board meeting schedule for 2009. He explained that he expects TMVOA to hold more meetings than those proposed, but that he has proposed 6 meetings in hopes that these meetings will be well attended by the membership. Director Riley said that his is unavailable the week of March 25<sup>th</sup>. Director Greenspan said that he is also unavailable the week of March 25<sup>th</sup>. Discussion followed regarding moving the March 25<sup>th</sup> meeting to April 1<sup>st</sup>. Erin Neer said that she will be on vacation on April 1<sup>st</sup>, but that the board could hold a meeting without her. Director Sweet asked about the requirement of having the budget meeting in November. He wondered if there would be a time to hold the budget meeting that is better for the members to attend and maximize attendance. Ms. Fanos explained that changing the timing of the budget meeting would mean amending the Bylaws. Director Riley asked about holding multiple workshops with the board or a sub-committee of the board during budget season to review and create the 2010 budget. President Sharp said that he agreed with this concept and thought they could discuss budget meetings at a later date. Director Riley **MOTIONED** to set the Board Meeting Schedule for the following dates: April 1<sup>st</sup>, June 17<sup>th</sup>, August 12<sup>th</sup>, September 23<sup>rd</sup>, November 18<sup>th</sup>, December 30<sup>th</sup>, all at 4 pm. Director Volponi seconded the motion and all were in favor.

- 6) **Consideration and Acceptance of James Capital Report on Parking Structure Financing Options** – President Sharp asked Erin Neer to provide history. Director Greenspan asked Stephanie Fanos if he needed to recuse himself. Ms. Fanos confirmed that he does have to recuse himself due to a conflict of interest as he is on Town Council. Erin Neer explained that last summer the board decided to move forward with a study that would determine the mutual financing options for the Town of Mountain Village and TMOVA. The work product presented at this meeting represents the financing options available for both entities. The most cost effective option would be to obtain financing jointly with the Town of Mountain Village. Jim Manire said that he is on the line to answer any questions. TMVOA Member Dan Garner asked about parking as a revenue source. President Sharp asked Mr. Manire if he had a comment on parking as a revenue source. Mr. Manire said that because of the tax exemption that is available on the Town's financing, they concluded that the Town would be able to provide the best financing options. Any source of revenue that could be raised and applied towards repayment would certainly be welcome. Director Sweet clarified that parking revenues could be pledged, but since they are unstable as collateral, they would not make a great funding source. Mr. Manire agreed with Director Sweet. Director Zemke asked Mr. Manire whether there is anything related with the economic stimulus package that would change the report. Mr. Manire explained that the interest rates presented are still reflective of the market and that it is too soon to anticipate what the economic stimulus is going to do on the local level other than the fact that they will be earmarked very tightly. Director Sweet asked about revenue streams being already pledged and/or unavailable. Mr. Manire said that this could be comparable to parking revenues. President Sharp explained that the parking garage is a contingency project to be looking ahead. Richard Child asked for clarification about the contract terms with James Capital. Erin Neer explained that the contract would be with James Capital to finish the report. Director Riley asked about revenue streams and if the town developed a financing vehicle, would that be evaluated on the town's ability to service the debt. He also asked if credit would be given to TMVOA as a third party. Mr. Manire explained that TMVOA would not be acquiring debt, but rather an agreement and that TMVOA would not be at risking its credit. Director Riley asked President Sharp what TMVOA will do with this report once it is finished. He added that the issue of parking is really important and that he would not like to see the report put on a shelf. He asked about creating a sub-committee for dialogue with the Town to explore what this solution for financing on a parking garage would look like. President Sharp said that working on this project before the visioning is concluded could be premature, but that he would like to see this report put to use. Director Riley **MOTIONED** to accept the report, Director Proteau seconded the motion and all were in favor.
- 7) **Financial Performance Update** – Erin Neer said that she included more background information in this report as a courtesy to the new board members. She explained that TMVOA has a working capital of \$14 million. She said that TMVOA's funding obligations total \$4 million in cash needs before April 1<sup>st</sup>. She anticipates TMVOA's working capital to be down to \$10 million by April 1<sup>st</sup> and explained that this is largely due to low RETA receipts thus far in 2009. She said that the member Assessments collected are required to go to US Bank and tied to the VCA debt. Short term cash equivalents of \$15.4 million at the end of the year in 2008 with an additional \$1.3 million over a year of investments. TMVOA's accounts receivable balance at the end of the year was \$78,000, which is a net value including a bad debt allowance. Ms. Neer explained that there were two major properties that went into foreclosure at the end of the year and that TMVOA staff is trying to get paid on the outstanding assessments for these properties. The law states that the owners are required to pay up to last 6 months worth of assessments. She went on to say that TMVOA will likely take a loss on these assessments as the owner is past due by 18 months, but that staff is hopeful that the new owner will stay current on their dues so that there is not a repetitive problem. She explained that there is also a receivable in RETA on the books and that TMVOA accrues RETA receivables each month. There was \$30,000 in RETA due at the end of 2008, all of which was collected in January 2009. TMVOA had several pre-paid contracts on the books at the end of the year (approx. \$30,000) for

events in 2009 such as Gay Ski Week and the Sunset Concert Series. Ms. Neer had provided a chart that illustrates TMVOA's capital assets, which includes: Lot 1007/1008, an affordable housing lot in Lawson Hill, the ground level units of the Blue Mesa Building that is home to TMVOA offices; TMVOA also leases space out to Poacher's, TASP, and MTI, the grocery store space, 1/3 of Town Hall, the post office space, the guest services space, various event equipment, and certain vehicles. TMVOA's only long term liability is the debt service on the gondola system. TMVOA pays roughly 30% of those obligations a year, totaling approximately \$70,000 a year. Other commitments include: TMVOA's assessments which go into a restricted account at US Bank for the VCA debt, which are released to TMVOA each December when the Town of Mountain Village makes their debt payment. The Town has never missed that payment, however the 2008 TMVOA board made a motion of create a reserve of \$500,000 per year to accommodate that debt if ever the Town was unable. TMVOA's second major obligation is on the RAL property for the ice skating rink (TMVOA has paid for half already), the zamboni storage space, TASP space, public bathrooms, the plazas, and what was to be a post office space. Ms. Neer explained the process by which the funds are released on this space and included that President Sharp has already been involved with the approval and release of the first payment in 2009. Director Riley asked about assessments that are pledged to the VCA bond. He said that they are not included in cash flow and asked Erin if she is taking an ultra conservative approach, by not expecting these funds to be released in December. Erin explained that she was looking at TMVOA's cash flow for the next 90 days, which would not include these amounts as they are pledged until December. She added that she does show these amounts being released in December when looking at the year, but on the shorter term, they are not available.

Ms. Neer went on to report on TMVOA's performance in 2008; she explained an estimated net loss of \$4.6 million, which is \$700,000 less than the budgeted loss. This net loss includes all of TMVOA's known audited accruals and liabilities. She expects to have the audit report issued in March. TMVOA's estimated revenues total \$6.85 million, which exceeded budget by 2%. TMVOA did have more RETA activity than expected, but also had to allow for a greater amount of bad debt. TMVOA's operating budget of \$5.1 million is expected to be \$178,000 under budget. The gondola operations were 1% below the revised budget based upon estimates Ms. Neer has received from the Town. TMVOA has one remaining invoice not yet received for gondola expenses in 2008. Event costs were 2% below budget. Member communications were approximately 7% over budget due to some advertising costs. Non recurring expenses were approximately 6% below budget, primarily due to reduced costs with Ecosign. In comparison to 2007, revenues were down in 2008 by 47%, primarily due to changes in RETA. Operating costs in 2008 were 4% higher than in 2007, primarily due to an increased investment in TMVOA events.

Erin Neer explained her concerns about RETA; she said that the shortfall experienced in January was unprecedented. RETA received in January totaled \$18,000 in 2009, compared to a 4 year average of \$880,000 and an 8 year average of \$600,000 for the month of January. The January 2009 budget for RETA revenue was \$337,000. Ms. Neer provided a chart that showed how much RETA TMVOA receives per property type. She then explained how TMVOA staff tracks RETA. Director Riley made a recommendation for a revised long-term cash flow at the next board meeting and elaborated that the board should be responsible and constantly evaluate TMVOA's cash flow in case they need to make some midyear changes. President Sharp agreed with Director Riley and said that the board cannot wait until June to evaluate the budget. He added that Erin has been keeping him updated on a weekly basis as to what the RETA revenues are looking like. Director Sweet asked about investment returns. Erin Neer said that she discusses portfolio with Charlie Alvare on a regular basis. Director Riley requested for a categorization of how discretionary TMVOA's budgeted expenses are at the next meeting. Erin Neer clarified if Director Riley intended to see what is contractual. He confirmed that he would like to be provided with enough information to see what TMVOA has to work with. Stephanie Fanos added that staff has already been

looking at the contracts in place to see what kind of termination options TMVOA has. Director Greenspan requested an assessment of the condition of TMVOA's assets. He added that TMVOA should forecast any expected maintenance before any of the assets are in dis-repair especially if there are not reserves set up to take care of these assets. Stephanie Fanos said that TMVOA is expecting a special assessment for the Blue Mesa space at next Blue Mesa Condominium Owners Association meeting. She added that TMVOA is expecting special assessments for the Blue Mesa Garage Association as well due to some water leaks. Erin added that TMVOA did have a complete inspection of the Blue Mesa space last year, which yielded no significant findings. She added that she has the report from the inspector and that she can re-visit the report with President Sharp right away. Director Riley said that he would like to look at creating a plan for land owned by TMVOA, especially the affordable housing lots. Discussion followed regarding affordable housing. Member Don Orr said the total RETA revenues assumed for 2009 were not include in the charts handed out. Erin Neer said that the total RETA revenues assumed for 2009 is \$4 million and that \$4.7 million was collected in 2008. Member Jeffrey Fasolo said that there needs to be consideration of Real Estate Tax values to be adjusted downward as people apply for lower rates and properties are re-evaluated. Stephanie Fanos explained that TMVOA does not collect any taxes; rather they collect a Real Estate Transfer Assessment. Discussion followed.

- 8) **Consideration and Acceptance of Ecosign Core Revitalization Report** – Erin Neer provided history of the scope of work. A draft report was delivered to the board and the board directed Ecosign on revisions. President Sharp explained that there are a couple of missing items, but that TMVOA is ready to draw closure to this phase of the work. Director Riley said that he thinks this report is far better than it was a couple of months ago, adding that it is easier to understand and flows better. He said that there are a couple of things that still need to happen such as: a benchmarking analysis, the core revitalization drawings (a new set), and an executive summary is needed to pull the report together. President Sharp said that he thought that these items were already promised. Director Volponi asked what the next phase is. President Sharp replied that the comprehensive plan is just getting off the ground and that the next step is to get the report into the hands of the Town; the process cannot go further until the comprehensive plan is in place. Director Greenspan asked what the executive summary and benchmark analysis are expected to yield and whether these two items will cost additional money or if they are part of the existing budget. Erin Neer explained that the benchmarking was not in existing scope of work, but because they were under budget, Paul said that they would add this item within the existing budget. Director Riley said that they have already done most of the work for the benchmarking and that it would not be worth stopping them now as TMVOA is already paying for it. Discussion followed regarding the details of the benchmarking report and how it was authorized, etc. Director Greenspan said that he would like to see this moved on as quickly as possible to the group who is currently working the comprehensive plan. He expressed concerns about spending money on work that is getting duplicated somewhat by the Town's efforts, especially with the low RETA numbers. Director Sweet said that TMVOA should take all efforts by Ecosign and hand them off to Town and planning committee and ask that the information to be used as extensively as possible. Director Zemke said as he was reading the draft of the report, he noticed that there are many sources that are sited and that he wants to see all of the sited reports in an appendix to cross-reference if it is within the budget to include these items. President Sharp and Director Riley confirmed that they had had a similar conversation with Paul Matthews regarding the sited sources. Director Riley said that Ecosign has a lot of clients and that the timing of the final draft depends on their schedule. Director Greenspan asked what the final cost will be. Director Riley important to note (regarding timing) that Ecosign did deliver phase 1, but that the board looked at that and expanded scope of work extensively. He elaborated on what future phases could take on and what value they would potentially hold. Director Riley **MOTIONED** to accept Ecosign's report subject to President Sharp and Director Riley working with Ecosign to make sure that all of the promised

pieces are included and that as soon as they are the report will be published, as soon as possible. Director Volponi seconded the motion and all were in favor.

- 9) **New Business** – Erin Neer said that she distributed a couple of memos before the meeting to provide updates on the activities that TMVOA has sponsored this winter. The board authorized \$100,000 to spend on winter activities in light of the Jeep Event cancellation. The Gravity Play trampoline has seen 2100 participants, they have provided an X Box attraction that with 100 participants. TMVOA has also provided music on Heritage Plaza including a concert by JJ Grey and Mofro with approximately 750 attendees. There will be 3 more concerts in March. Current economic development efforts have been a collaborative process with merchants. Director Greenspan has also been very involved. Director Riley asked what total cost of the JJ Grey and Mofro concert was. Erin Neer said that the concert cost \$12,500. Director Riley said that he has never seen so many people in the core. Erin Neer commented that TMVOA is still challenged in getting accurate ROI data on events. Director Riley provided some examples of European towns and their vibrant activity compared to the hot beds available. Jeff Jurecki from Tracks complemented TMVOA regarding the JJ Grey and Mofro concert, saying that it was awesome and that his business was busting at the seams. He added that, in his opinion, the deejay has the reverse effect; he has seen people leave his patio because of the music from the deejay. He said that the individual musicians are not great either; he suggested cutting out the deejay and adding events that will work out in favor for everybody.

Member Shawna LaBorde thanked the board for providing babysitting, saying that it makes attending meetings much more convenient for meadows residents. She suggested advertising the babysitting for future meetings.

Member Rick Hurwitz explained to the board that many homeowners learned, for the 1<sup>st</sup> time at the 2008 TMVOA Annual meeting, that the residential class is responsible for 80% of TMVOA revenues while they command 30% of the vote on the board. He added that they also learned the special rights of the Class D member, namely that they have to be part of the majority of certain critical decisions. He said that most people recognize why the founders would have established these rights, but that most people believe that this community has evolved and that the special rights no longer make sense. He said that he would like the board to consider a motion amending the documents to expand the board from 7 members to 9 members, adding 2 residential (Class A) members and waive the need for the Class D members to be in the majority in certain critical decisions. He added that he believed this is a critical time for the board to consider such a motion.

Director Greenspan said that this issue comes up often in conversation, why do 80% of the assessments come from residential and why is the residential class not better represented. Director Greenspan said that he had brought the educational information from the annual meeting with him. He wondered whether there were other people in the audience who wanted to share their input. Stephanie Fanos explained her understanding that Mr. Hurwitz was proposing to amend the articles of incorporation to expand the number of seats on the board from both the total number of seats on the board as well as the number of seats occupied by residential members. She said that this process would require a special election of the members and an affirmative vote of the majority of the classes; 2 of the 3 classes must vote in favor of the amendment and then the class D member would have to vote in favor of the amendment as well. Director Sweet asked if there was a specific motion request. The board confirmed that there was. Director Sweet went on to ask questions regarding the evolution of TMVOA.

Jim Wells provided a history of TMVOA. He was the board President for 20 years as well as the CEO of Telski. In the beginning, there had to be a way to control situations before they got out of hand. The original board was set up to have 4 members from TSG. A year or two later, the ski mountain and the community were in harmony and the board wanted more representation and participation from the community. They gave up one of their seats, knowing that in order to get something passed they would only have to convince one other board member that the issue was important. He said that if the board is expanded, Telski would only have to convince 2 other board members to vote with them. He added that if it is not possible to convince 2 others that something should pass, it probably should not pass. He strongly encouraged TMVOA to expand their board as the community has grown immensely and said that TMVOA needs more community participation.

Director Zemke said that the Articles specifically state that any change made needs to be in harmony with the Declarations, so if there is a change made to the Articles of Incorporation, a change needs to be made to the Declarations as well. Stephanie Fanos explained that the structure of board in the Declaration is silent, so they would not need to make any amendments to the Declarations.

Member Richard Child said that he felt compelled to let the board know that he sympathizes and agrees with the position presented by Rick Hurwitz and Jim Wells. Member Anneliese Reibel said that she agrees with Jim Wells on this issue. She commended the board for child care at the meeting. She said that she appreciates the desire to have the public to participate at TMVOA meetings and that child care is another great step toward making this happen. Member Davis Fansler urged the board to take action on these issues tonight and asked the room (approximately 45 people) who would like to see these amendments happen. Most of the people present raised their hands. Member Don Orr said that if the issue/proposed amendments were put to a vote of the residents; the return would come back almost unanimously in favor. He said that the elephant in the room is Telski as they would have to approve the amendments. He asked how Telski feels about this and what would need to happen to get these amendments approved. Director Riley replied that to his understanding, TMVOA is patterned after the Beaver Creek model. He said that Beaver Creek has a 9 board with 5 members from the mountain. Mountain Village is different because at some point, an amendment put the mountain special member in the minority. He added that he personally feels that there is no need to make a change and that the ski area is not being heavy handed in voting, etc. He said that continuity and leadership is very important. He said that he believes that Telski provides perspective and stability and that he is comfortable with leaving things as they are. Director Riley said that he is willing to discuss any concerns in a large group or one on one and that he is open to working with the community, doing what is right for TMVOA and the community. He requested that the community work together.

Member Dan Garner said that he has been on Town Council and Metro District before that. He said that there is an issue regarding the erosion of trust in leadership and how the community work together. The merging of the Metro District and the Town was an effort to simplify leadership and make sure that the voters were represented. He said that the issue is not a matter of leaving it like it is, or changing it, but that it is time to restore trust in leadership amongst residents. He said that to no understand how big of an up swell the residents are having would be a mistake and would damage the credibility of the board and particularly Telski if this situation is not handled. Member Margee Francis said that she is very angry that the residents have not been heard. Director Zemke asked for clarification of what she is angry about. She said that she feels that whenever the residents speak it is put in a file and that she feels that letters are not read. Member Cath Jett said that she also feels the time for change, she said that Director Riley is a great

promoter of change. She said that she thinks this is a great opportunity to get the community behind the ski resort and get real buy in from the citizens.

President Sharp asked what the process is if the board decides to move forward. Stephanie Fanos said that there are two ways that amendments can be submitted to a vote. Rick Hurwitz is asking the board to submit this to a vote of the members. The other way amendments can be submitted to a vote is that 10% of the members can submit the amendments to the board and force a vote to occur.

Commercial Member Penelope Gleason said that this issue came up often when she was on the board. She said that the community is moving into a new stage of life. People are involved and committed to the success of the community, including the ski area, etc. She would be excited to see this change. She asked what % of the votes are submitted by the ski area in each class. Stephanie Fanos explained that the vote by class requires 20% of the members of each class to respond, and that the majority of those responding to vote in favor. Penelope Gleason asked for clarification that the commercial vote is by square footage and asked who owns the most commercial space in Mountain Village (referencing the Peaks). Ms. Fanos confirmed that she thought it was indeed the Peaks, but that she would have to look it up in her records. Ms. Gleason said that she did not feel that people understand how the commercial vote works and that the entities with the most commercial square feet really control the vote in the commercial class. She said that going forward if this change happens she foresees more community involvement and that she applauds this effort. Director Sweet said that he was trying to understand if there is a motion on the floor. President Sharp said that there is no motion currently, but rather a request for a motion.

Director Proteau said that he has been on the TMVOA board for a long time. He was on the board when Jim Wells was on board and it was a Telski board. He said that this is the 2<sup>nd</sup> term where the president is a residential member. It still takes a majority of the vote to pass an agenda item. He said that he does not understand the concerns or anger at the mountain member for not reading letters, etc. He understands the desire for the majority of the members. He believes that the residents do have a voice. He said that he would like the members to see that the board operates with an open mind. He added that if there are letters that are not being read, he would like to speak with the President.

Member John Butler said that he moved to Mountain Village with his wife Alice in '93 and that they enjoy being here and would like to endorse the change presented. He said that he would like the trust to be in the homeowners. Rick Hurwitz said that the spirit in which he raised the issue is proportionate representation, adding that the special right that the Class D member holds makes it difficult for the rest of the board to negotiate changes. He urged Telski to make the courageous choice.

Director Zemke said that a motion at this time would be rash. He referenced an email that concerned him, that said that Telski does not pay assessments. Richard Child explained the email, saying that the 3 positions afforded to Telski are not related to the assessments that they pay. Telski does pay assessments for their properties, but the Class D member does not pay assessments directly the way that other classes pay assessments. Dan Garner said that the issue is not just an issue of 80% of the assessments coming from the residents, but also that if there is an economic shortfall, the residents would pay 80% of that special assessment. He urged this group that the proposed amendments relate to the evolution of this town. He congratulated Jim Wells and Ron Alred for their work in getting this community to where it is. Director Sweet clarified Dan's comment that not all of the properties in Mountain Village are collateral, but that there is an obligation to raise HOA dues, primarily on the case of VCA and the operation the gondola in a worst case scenario. Stephanie Fanos clarified Director Sweet's details that under the gondola agreements,

if there is a RETA shortfall TMVOA is required to impose a special assessments, it would not be an increase in dues, it would be a separate special assessment.

Director Greenspan said that what this community needs and deserves is a voice. He said that he grew up in a family of lawyers, who taught him that rights are not only for minorities, but also for the majorities. He said that he would like to encourage the board to deal with this right away and put it to a vote. If it is a non-issue, it will come up as a non-issue and then the board can move on.

Davis Fansler explained that Rick Hurwitz has presented 2 specific issues for consideration that he can read again. He asked the board to decide whether or not they will take action on these issues and whether or not they will have a special election. Then, he asked the board to conclude the election prior to the end of the ski season. Stephanie Fanos asked Rick Hurwitz to recite the motion he was seeking from the board. Rick asked the board to make a **MOTION** to amend the Articles of Incorporation, specifically to amend Article 6, Section A, calling for an expansion of the board from 7 directors to 9, with those 2 additional seats to be held for representatives from the home owner community. Secondly, he requested an amendment to Article 3, Section 1, such that it is a majority vote of all of the class representatives (3 of 4 Classes would have to be in agreement), currently this section calls for the Class D member to be in the majority.

Director Riley responded to Mr. Hurwitz's comments by saying that at the end of the day the special mountain member would need to approve of the changes whether the motion were to come from a board member, or from a TMVOA property owner. He added that unless he were able to tell those present that he were willing to approve of the changes requested that the request is not relevant. Rick Hurwitz replied that he would like to see TSG to understand the sentiment presented by the many TMVOA members at the meeting. Director Riley spoke about the argument of equity in the association and asked the audience what value the ski company brings to the association. He said that assessments are one metric, but that there are other metrics one can use to determine what value the ski company serves for the association. Rick Hurwitz asked why the Class D member needs to have the special right of veto if the ski company feels comfortable with its current position in the community.

Director Sweet requested action for the request on the floor. He said that if there is going to be a motion, than he would like the board to review the motion and move on. He said that he feels an obligation to put these issues in front of the membership, as a responsible elected official. Director Sweet then made the **MOTION** as worded by TMVOA Member Rick Hurwitz and asked for someone to second his motion. Director Greenspan seconded the motion. President Sharp asked for a vote, but Stephanie Fanos said that she needs to understand the motion better and advised the board to address other issues such as the timing of the election prior to calling for a vote. She suggested establishing what day they would like to announce the election results and work backwards from there to establish a date of record, a date to send out the ballots, and a deadline for ballots to be returned. Director Greenspan said that the election should happen earlier rather than later and suggested March 31<sup>st</sup> as a date to announce the results. Director Sweet suggested March 27<sup>th</sup> as the deadline to receive ballots. Stephanie Fanos said, working backwards, ballots need to go out by the second of March. February 23<sup>rd</sup> would be the record date.

Director Riley asked if there was a misunderstanding that the Class D member still has to approve these amendments even if it goes to a vote. Director Sweet said there is a motion on the table. He said that he agrees to the changes including the timing of the election. Discussing the merits of the motion, he said that he feels a level of disrespect from Director Riley. He added that he feels the board has an obligation to put this issue to a vote of the members and if Telski wants to veto it later, that is fine. Nancy Orr asked to make sure that this election represents two issues. Director Greenspan confirmed that it does. Anneliese

Reibel said that she believes that TSG brings a lot to this community; she added that she believes that the retail, restaurants, and home owners also bring a lot to this community. Director Riley said that he agrees and would like to get to the substance of what the disagreement is. He suggested the need for a public forum or maybe more. He said that he could not tell if the angst is directed toward TSG or TMVOA and that until he understands where the anger is directed, he cannot be sure that another member or two on the board would make a difference. Director Sharp reminded the board that there was a motion on the floor and a second and that they needed to proceed with the motion.

Director Greenspan asked about the status of the motion regarding the verbiage and the language. Stephanie Fanos said that Director Greenspan had just described what the amendment is, she elaborated that the amendment would change Article 7A to increase the maximum number of directors from 7 to 9. She added that there is a second reference that would need to be amended from 7 directors to 9 directors. In Article 7A1, the language that states that Class A members shall elect 2 directors would need to be amended to state that Class A members shall elect 4 directors. She added that the board should consider how the terms of the new directors would be staggered, similar to the present terms and that the language could be duplicated. Director Greenspan asked if there would be a nomination process where someone could write in a letter of desire to be on the board. Stephanie replied that when there is an expansion of the board, the board selects the new members who would serve as directors until the following annual election. Discussion followed regarding the staggering of terms.

Stephanie Fanos said that there has been a lot of talk about veto rights. She clarified that the veto rights only come into play for amendments to the governing documents. She said that she understood that the amended article would establish the need for 3 of the 4 Classes to vote in favor of the change. She clarified that the election would happen normally and each Membership Class would need to establish a quorum of at least 20% the eligible voters and that the majority of the votes counted of 3 of the 4 Membership Classes would need to vote in favor of the proposed amendment. Director Riley requested as a courtesy from the board as they consider how to vote, to consider raising this issue at the next meeting. He said that he considered the proposed amendments to be a big ax and requested an opportunity to consider the input heard at this meeting. President Sharp observed that a lot of people attended this meeting and that nearly everyone in the audience had come to support this issue. He said that in fairness, the board needed to consider the motion as it stood. He asked Stephanie Fanos for her advice regarding how much needed to be defined in the wording of the motion.

Stephanie Fanos said that the only difficulty in the amendment is regarding the affirmative vote of the classes. A provision in the Bylaws that references the number of the members of the board can be amended by the board rather than by a vote of the members to be consistent with the Articles. Stephanie recommended that Article 3A be amended as such: the affirmative vote of the majority of the classes shall be achieved if and only if 3 of the 4 classes of the members vote as members in favor of that measure. Article 7A would be amended as such: the control and management of the affairs of TMVOA and the disposition of its funds and property shall be vested in a board of directors consisting of not less than 3 or more than 9 directors. In connection with each annual meeting, the appropriate members of TMVOA shall elect 9 directors each for a term of 2 years in the manner set forth below. Sub-paragraph one would read that Class A shall elect 4 directors. Stephanie Fanos asked if terms of the new seats would be staggered. Director Greenspan said that he felt it would be appropriate to stagger the seats. President Sharp agreed. The new seats would be called seat 3 and seat 4. She suggested that seat 3 would serve a 2 year term, commencing with the 2009 Annual Meeting, and that seat 4 would serve a 1 year term, commencing with the 2009 Annual Meeting, but not filled for a 2 year term until the 2010 annual election. She further explained that the person with the highest votes would fill seat 3 for a 2 year term and the candidate with

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
BOARD MEETING**

**FEBRUARY 16, 2009**

the next highest number of votes would fill seat 4 for a 1 year term, so that the seats could be staggered. Director Sweet and Director Greenspan accepted the changes to the **MOTION** as worded by Stephanie Fanos. President Sharp asked if there was any further discussion. There was none. He called for a vote of the directors. Director Greenspan, Director Volponi, President Nelson, and Director Sweet voted in favor of the motion. Director Riley, Director Proteau, and Director Zemke voted against the motion. The motion passed by a majority.

10) **Adjournment** – The meeting was adjourned at: 7:03pm.

MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
FEBRUARY 25, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer, Stephanie Fanos, and Leanne Hart

**OTHERS PRESENT:** Meehan Fee, Brenda Vandermann, Penelope Gleason, Bob Rubado, Matt Skinner, Greg Ritter, Matt Beaudin

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- 1) **Call to Order** – President Sharp called the meeting to order at 9:00 am.
  - 2) **Approval of Ballot and Ballot Language**- President Sharp explained that the purpose of this meeting is to review the ballot and ballot language. Director Zemke stated that he was concerned that the election fractionalize rather than unite the members and made a **MOTION** to repeal and reverse the approval of the special election from the last meeting. This motion was **SECONDED** by Director Riley.

Director Volponi stated that he has had some feedback from members of the lodging community about diluting their presence on the TMVOA Board. He added that as the lodging member on the board, he needed to listen to the lodging community and relay their concerns. He stated that lodging is a major part of this community, contributing economically as well as making some substantial investments in the community and that he has had a number of people approach him about this vote, stating that the timing is not right given the economic situation the community is facing. Some people even questioned spending TMVOA's money on a special election in a time when TMVOA is reduced in terms of revenues. Director Greenspan stated that he has received comments just the opposite from both commercial and lodging members, where a lot of people want to see this special election move forward and then move onto other business in the future, and that the cost is minimal compared to the overall TMVOA budget. President Sharp stated that the comments he has had from the residential class have been even stronger than that expressed at the meeting and that TMVOA is facing a potential shortfall of \$4 million in the budget. Residential members could be looking at assessments of 8-10 times what they have paid previously to be sure that TMVOA can fund the gondola. President Sharp further commented that TMOVA is lucky to have decent reserves from prior boards to get by a year or two if TMVOA cuts out all other spending. A big concern of the residents is a significant increase in assessments, which would be shared 80% by the residential class. Director Zemke commented that he does not see how holding this election could necessarily change those economic outcomes in the next 8-12 months and that TMVOA's concern should be to work together as a board rather than to factionalize membership and create a lot more chaos. He closed by saying that the election will not serve the membership at all. President Sharp stated that this election will not increase TMVOA's revenues, but it will give the residential class greater say in how the economic situation is handled if it becomes as dire as it could be. Member Greg Ritter stated that all the residential people he has talked with share the views of President Sharp and that they are concerned that times are tough and could get tougher. He further commented that the cost of the election, in comparison to

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
SPECIAL BOARD MEETING**

**FEBRUARY 25, 2009**

other costs incurred is not that great. He closed by stating that if the residents are going to pay 80% of the cost, they need that equal representation.

President Sharp asked Erin Neer to clarify the costs of the special election. Ms. Neer stated that the election would cost approximately \$8,000. Director Zemke stated that there is no proof that the election will change the economic outcome and that TMVOA would therefore be throwing the \$8,000 election cost away. Director Greenspan commented that this is a minimal expense for this representation and that it was very clear to him at the last meeting that this issue has been building for a long, long time and that he felt it is the Board's responsibility to the community to address this issue head on.

Member Brenda Vanderman suggested that the Board consider a non-partisan example and just add one member and have the Board agree on it rather than having an election and wondered whether that process would be allowed. Director Greenspan commented that it would be hard to have an even number of directors. Ms. Fanos responded by stating that the articles would still need to be amended, which would still require an election. Director Riley stated that he has spoken with several merchants and lodgers who disagree with this initiative and that we need to be focused on rapid collaborative work to revisit our budget and our expenditures to be as aggressive as possible to performing our fiduciary responsibility to our members. He further stated that he would encourage President Sharp to call another special meeting to work with staff to determine those things that are discretionary in the budget and expressed concern that time is going by and the Board could regret if in fact the real estate sales don't pick back up, we should stop spending money on certain things and revisit the entire budget. Director Riley closed by stating that the concern over assessments and shortfalls is something we need to be immediately responsive to. Director Greenspan responded by stating that Director Riley's comments were a great example of why TMOVA needs a greater residential representation on the Board. This economy affects the residents more greatly in regards to TMVOA since they pay 80% of the revenues, he further commented that he visits 90% of the businesses, and people express these concerns and questions in an opposite view that Director Riley is expressing. Director Sweet clarified that since any board composition change would require an amendment of the Articles, an election was definitely needed. President Sharp confirmed that the process would be the same no matter how many members that were added.

Director Sweet asked that if the Board did not choose to move forward, could the members petition TMVOA to have a vote. Ms. Fanos stated that in accordance with the Colorado Non-Profit Corporation Act, there are two means of submitting a vote of the members on the Articles: the Board can submit the vote or the members can petition and force the Board to submit an amendment to vote. She stated that it would take 10% of total number of votes that could be cast in the election for the amendments. Ms. Fanos clarified that based upon our last election roughly 384 votes could force the amendments to be submitted to a vote of the members and further clarified that the statute provides that it is the total number of votes, not of a certain class. Director Zemke then asked Ms. Fanos if Bylaw 5.6 would take precedent since it is in TMVOA's documents rather than state statute and then cited this bylaw. Ms. Fanos responded that this was not the case and that section 7-130-103 is specific to amendments of Articles by board and members, which provides the means by which amendments can be submitted to a vote. She further clarified that what Director Zemke was reading is the process by which a vote can be taken which includes three options: TMVOA can 1) have a meeting at which a vote can be taken, 2) have the informal consent, or 3) by written ballot which is what TMVOA has traditionally done. Ms. Fanos further explained that there are specific requirements as to the form and content of the written ballot process. Director Zemke then asked whether Ms. Fanos' perspective was that CIOA trumps the Bylaws. Ms. Fanos clarified again that this particular issue is a not a CIOA issue, but rather a Non-Profit Corporation issue.

Director Greenspan stated that elections are raised for the need of change to have better representation and better understanding of where funds are going and that if there are people in any class who do not

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
SPECIAL BOARD MEETING**

**FEBRUARY 25, 2009**

understand what is happening; it is TMOVA's responsibility to explain. Director Volponi agreed with that perspective to a degree, but the question he received is why a lodging member would want to dilute their vote on this board. He commented that lodging members make significant investments in this community and that he was having great difficulty in understanding why an expanded board with more residential representatives would represent the lodging class's interest. He closed by saying that he doesn't have an answer for the lodging class that would justify diluting their lodging vote. Director Zemke asked Director Greenspan if the commercial owners were in support election since it dilutes their vote as well. Director Greenspan stated that he is getting a strong pulse from the commercial members that this is the right thing to do, and also from the residents. He clarified that a lot of people who own property work for these merchants who are residents too—it circles back through employment and business ownership. Director Volponi commented that he believes that the best thing that TMVOA can do is to maintain a vibrant, economically viable community which requires a lot of interdependence with the ski mountain and summer events, which impacts lodging. He added that lodging members want to have a voice to make sure those types of things continue and help them grow their businesses. Director Proteau stated that he has gotten feedback as well, some of which was from a long time home owner who wanted to keep the board the way it is; he added that the feedback the board members receive depends on who you are and who you are talking to. He further stated that in the past TSG has actually appointed a residential member to one of their seats and that President Sharp's comment about the existing reserves is a sign that the board has been operating prudently. He said that he doesn't understand the movement for change, since he had not heard much other than the discussion about the 80% revenue contribution and stated that there is a lot more to this issue than assessments – what everyone has invested. Director Sweet commented that he was in a quandary in that he understands the issues that are being raised and that Nelson and he represent the residential class. He said that he feels there is significant support for this issue and that either by petition or by board action it will go to a vote. He commented that his bigger concern is that TMVOA addresses this issue. Director Sweet further commented on whether it would be better to confront the issue today, or wait to get a petition. He said that the issue needs to be addressed and that he has always been a supporter of holding elections to ensure TMVOA gets member input. Director Greenspan commented that the election itself would require an affirmative vote of the majority of the classes and that the election itself is the opportunity for everyone to have their say. Director Zemke stated that he did not think this was the right time to hold an election since TMVOA should be uniting and has many more important things to work on. Director Greenspan disagreed with Director Zemke since the community rose up in support of this movement at the last meeting. Director Zemke commented that he did not think those members represented all of the community. Director Sweet stated again that TMVOA will have to deal with this issue, whether it is today or when members come back with a petition. Ms. Fanos clarified that the petition can be presented to TMVOA at any time and that it need not be at a Board meeting. President Sharp agreed with Director Sweet and said that his sense, which is based upon the volume of communication he has received, is that this will come to a vote. He said he would expect to see a petition within a week if the Board were to overturn the election decision today. Member Greg Ritter added to the discussion on timing by commenting that the revenue shortfall makes it more important that this election be held now and added that an alternative would be to reassess the revenues to align with the representation and have the ski area pay 3/7 of the revenues. Member Matt Skinner commented that although he is a homeowner, no one had approached him on this issue and cautioned that TMVOA needs to have the entire membership represented and get the signatures required rather than taking it to an election based upon the opinions of 25 people. Director Greenspan asked for clarity on what he meant when he said no one had talked to him. Member Matt Skinner stated that there has not been a unified outreach to see if all residents agree and that there are business owners and employees that live in Fairway Four which is a valuable sector and again encouraged the Board to get the signatures. Director Greenspan stated that he thinks people went through their representation to get their voice heard and that there wasn't a wavering voice in a full house at the last meeting. Matt Skinner stated that his HOA had not been contacted at Fairway Four and encouraged the

board to make sure the working class is included. Ms. Fanos then interjected that it is not 384 signatures that are needed but rather, it is members representing 384 votes and reminded the board that some members have more than one vote. Meehan Fee then said that she wanted to echo what Matt Skinner had said and that if the issue of representation had been put on the agenda, it would be a better way of gauging what the entire community feels. Director Greenspan said that voting gauges how the community feels and that is why TMVOA needs to hold the election. Matt Skinner said that different ideas are out there that maybe adding one representative instead of two additional representatives would work.

Director Sweet followed up on Ms. Fanos' comments regarding the number of votes needed for the petition and clarified that there are members with more than 100 votes and so it could be that just 4 or 5 people sign and the amendments will go to a vote. He said that there is no question that the residential class would like more input and that this is an appropriate evolution, but there are obviously concerns from the other classes too. He then spoke about the value of holding an election to really get this input from the whole membership and again questioned whether it is better to move forward today than to wait for a petition. Ms. Fanos then confirmed that there are certain owners that have more than 100 votes. Director Riley stated that if there is a petition, there will be a vote and that this would be a process that didn't feel quite as rushed as the process that TMVOA is engaged in right now. He further expressed his surprise at the last meeting when something as significant as restructuring the entire board of TMVOA was brought up under new business and commented that the board should let the process work and allow the initiative to move forward with a petition if there is that motivation. Director Greenspan commented on the idea of the dilution of the board and that he doesn't see it that way since home owners of all types have a lot at stake as well. He then commented that the homeowners' success relies on the success of the merchants and lodgers to create taxes, etc. to get people here and that the idea of residents not supporting the other classes is definitely not the case. He further responded to Director Riley's comment on process that the election itself is the process needed. President Sharp added that the homeowners are the ultimate wishers of trickle-down economics and proceeded to describe this flow: the bulk of the revenues come from the homeowners, and they have a vested interest in seeing the lodging, commercial and ski hill flourish. All of the money that comes in goes into promoting those activities – they are hoping that this investment will enhance not only the value of the residents' experience, but also the value of the Mountain Village properties. Residents hope that money all comes back to trickle down to the homeowner. Director Volponi commented that he thinks that TMVOA is being told by some members of the public is that perhaps TMVOA has not had enough discussion to let all members of the community participate, by the possible amendments not being on the agenda, and that he thinks that is something that the board needs to listen to. He further commented that he has not had a chance to canvass every single lodging member either and that the Board should proceed with caution and allow people to give TMVOA more input.

Director Sweet suggested that perhaps the Board could continue this meeting next week and invite the members to come and have a discussion. After which the Board could choose to move forward with the election, or the members might have a petition demanding TMOVA to do so. He further stated that it would be difficult as a residential member to vote this down and then to have the measure come back as a petition. Director Zemke reminded the Board that he still had a motion on the table for consideration. President Sharp asked if there were any further questions. Matt Beaudin, of the Daily Planet, asked Matt Skinner if he was speaking as a TSG employee or a homeowner. Mr. Skinner responded that he was speaking as a homeowner in the residential class. Then Mr. Beaudin asked Director Zemke what more important things he thought TMVOA should be working on. Director Zemke stated that we have a lot of economic concerns and should be uniting our members. Director Greenspan further commented that Jim Wells, the former ski area owner thought the election questions were a good idea. Director Riley questioned how the movement could be characterized as a community perspective when the item was not included on the agenda and that he had talked to some significant stakeholders of the community who did

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
SPECIAL BOARD MEETING**

**FEBRUARY 25, 2009**

not know it was coming. Director Greenspan responded by stating that the difference is the experience in the community and that this issue has been building for a very long time and that it is probably the top phone call he gets. Director Riley stated that whether TMVOA has 7 or 9 directors won't change the need to begin working together on the substantive issues such as the economy and RETA. Director Greenspan then asked Ms. Fanos if they could hold a special meeting to answer questions about the proposed amendments if TMVOA moves forward with the vote. Ms. Fanos confirmed that this could be done.

President Sharp then asked Ms. Fanos to clarify whether the Board could act on the motion on the table since the meeting was a special meeting for purposes of approving the ballot. Ms. Fanos stated that they could act on the motion. President Sharp asked if there were any further comments, and with none, asked Director Zemke to restate the motion. Director Zemke stated that the **MOTION** is to repeal and reverse the resolution passed at the February 16<sup>th</sup> meeting which would have granted a special election to increase the residential class. Ms. Fanos then clarified that a yes vote would cancel the election. A roll call vote was then taken with the following votes cast: Directors Proteau, Riley, Zemke and Volponi voted affirmatively, with Directors Sharp, Sweet & Greenspan voting against the motion.

- 3) **Adjournment-** President Sharp confirmed that the motion passed and that the election has been overturned and requested a **MOTION** to adjourn. Director Greenspan made the motion which was seconded by Director Riley and the meeting was adjourned at 9:51 am.

MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
MARCH 9, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, John Volponi, and Jonathan Greenspan

**BOARD MEMBERS ABSENT:** Dave Riley, Jeff Proteau

**STAFF PRESENT:** Erin Neer, Stephanie Fanos, and Leanne Hart

**OTHERS PRESENT:** Ron Brumley, Bob Trenary, Richard Child, Valerie Child, Matt Skinner, Stephen Barrett, Steve Treacy, Carly Shaw, Greg Ritter, Seth Cagin, Davis Fansler, Matt Beaudin, Linda Cook, Jeffrey Fasolo, Hillary Mescall, Don Perotta, Kim Hewson, Ward Veale, Karla Barlow, Scott Shifrom, Art Kulscher, Lucy Kensford, Anneliese Riebel

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- 1) **Call to Order** – President Sharp called the meeting to order at 1 PM
  
  - 2) **Petition submitted by members representing 10% of votes regarding submission of amendments to the Articles of Incorporation to a vote of the members** – President Sharp summarized the purpose of the meeting. He then asked staff to confirm the verification of the petitions. Ms. Fanos first confirmed that the total number of eligible votes is 3,844.85 as of March 9, 2009. At the time of the meeting, petitions from members representing 479 votes had been received as well as another 7 petitions representing 21 votes that could not be accepted. Stephanie then confirmed that the required number of signatures / votes had been met for a valid petition. President Sharp then asked Ms. Fanos to confirm the process. Ms. Fanos explained that the petitions came to staff from various sources via e-mail, faxes, hand delivery, etc. When staff received them, Leanne Hart sorted each petition alphabetically, and then Erin Neer, Leanne & Brianne Hovey verified each petition against the records in our files and in some instances, Stephanie was called upon to verify their authenticity. Staff has prepared a list by name, class and number of votes indicating that they have been verified and where the records are stored. President Sharp asked the board if there were any questions on the process. Director Sweet clarified that at this point TMVOA is obligated to proceed based upon the number of signatures. President Sharp stated that it was his understanding that TMVOA has a statutory obligation to proceed with an election at this point. Ms. Fanos concurred. Director Sweet further clarified that TMVOA is required by the process to put this issue to a vote of the membership and asked whether the board needed to make a motion to that effect before asking for questions from the public. President Sharp asked for clarity on the process from Ms. Fanos. Ms. Fanos recommended that the Board submit the amendments set forth in the petition to the members. The petition sets a deadline for ballot return of 4/2/09 and a record date that we can't use since it is in the past so the Board would need to set a new record date. Ms. Fanos stated that given a 4/2/09 date, TMVOA actually needs to get the notice and ballots in the mail no later than Friday, 3/13/09 due to the 20 day noticing requirement. Director Zemke asked a question on the language of the ballot and the notice of the ballot, but stated that he did not have a problem moving forward with the election motion. Director Sweet requested

that the board move forward with a motion and then have discussion. He then made a MOTION that per request from TMVOA membership, the Board submits amendments to the Articles of Incorporation to a vote of its membership per the petition and that the election would be done by secret ballot, in accordance with CIOA, with ballots due by 4/2/09 with a record date of tomorrow, 3/10/09. Director Zemke asked that the board consider a return date of 30 days after the ballots are mailed considering that non-profit corporation guidelines allow for a 30 day return deadline in contrast to TMVOA bylaws, which requests 20 days. Ms. Fanos stated that TMVOA could use either deadline and explained that if the documents do not provide a number of days for notice, the notice can be no less than 10 days and no more 30 days. TMVOA's documents state that the notice can be no less than 20 days and no more than 50 days. Director Sweet asked what the return date would be at 30 days. Ms. Fanos stated that it would be April 12<sup>th</sup> if TMVOA sent the ballots out Friday 3/13/09. Director Sweet stated that he would like TMVOA to maintain the return deadline of 4/2/09 per the petition and reminded the board that he was looking for a second to his motion as it stood. Director Greenspan confirmed that 4/2/09 is the date in the petition and SECONDED the motion. Director Zemke commented that Director Sweet had also added secret ballot to the motion. He said that he has a problem with the election being held by secret ballot and added that there is no provision in the TMVOA bylaws or articles for requiring elections to be held by secret ballot. He said that he would move that the motion be amended to remove this requirement. Director Sweet clarified that this is a sensitive issue and that for many, many years, the ballots were not secret and there was an ongoing scenario in which people would be tracking vote totals and making calls and a lot of shenanigans. He added that when he became board president, TMVOA made the switch to CIOA and to secret ballots to be more honest and effective. He said that he believes it is a process that should be followed. Ms. Fanos clarified the legal facts on this issue – both the non-profit statute and CIOA apply to TMVOA. Section 38-33.3-310 which specifically apply to TMVOA as a pre-CIOA community; sections 1 and 2: have been designated as applying to TMVOA, states that at the discretion of the board or upon a request of 20% of unit owners at a meeting or represented by proxy, a vote on any manner affecting the common interest of community shall be allowed to be held as secret ballot. The Board has the ability to designate this vote to be a secret ballot. Director Zemke expressed some question with regards to the fact that at some points TMVOA follows CIOA and at other times TMVOA follows the Non-Profit act. Ms. Fanos explained that both statutes apply to TMVOA and you have to look at each interest to see which act applies. Looking at CIOA, there are references back to the Non-Profit code. She further explained that not all of CIOA rules apply, but that where CIOA speaks, CIOA controls. Director Zemke stated that CIOA also requires election procedures to be in TMVOA's bylaws and TMVOA does not have these procedures in their bylaws. Ms. Fanos stated that when the governing documents were formed, the bylaws stated that the election procedures would be those that are called out in the Articles of Incorporation. Director Greenspan asked Ms. Fanos to explain the secret ballot. Ms. Fanos explained that we could only release the results of the total votes, but not how people voted. Ms. Fanos further explained that the ballot shall be counted by a neutral third party or committee of volunteers and the chairman, Nelson, has the ability to appoint this third party. She further requested that TMVOA's independent auditors be named as this independent third party for the purpose of opening and counting ballots. Director Greenspan commented that under no uncertain terms does he want anyone to read his ballot unless it is a secret ballot, referring to the principle of democracy. President Sharp commented that he had previously thought all elections were secret ballot. Ms. Fanos clarified that all director elections are subject to secret ballot, since January of 2006 per CIOA, but other matters could be designated as secret ballot or not at the choice of the Board. She added that TMVOA has had another election since January 2006 for amendments to the Articles which was done by secret ballot in 2007. President Sharp then asked if there was any further discussion. Residential Member Matt Skinner said in follow up to Director Sweet's comments on unethical practices in the past and that TMVOA needs to make sure the ballots are secure. Director Greenspan asked if the neutral party would set up a secure system for processing ballots. Ms. Fanos stated that TMVOA staff would establish procedures and ask them to come

to the TMVOA offices to count the ballots. Director Zemke asked what the cost of the third party would be. Ms. Neer explained that TMVOA staff did not have a cost estimate yet. Residential Member Richard Child explained that having been involved in a contentious election in the past, he would expect nothing less than a secure, secret ballot process. He went on to explain that there was no animosity in the response he got while soliciting petition signatures from all classes. He explained that people see this as a natural process in the life cycle of TMVOA and a true example of establishing a level playing field in which representation is key in the management and decision making process of TMVOA. He closed by stating that he really supports and requests that the Board be supportive of a secret ballot. When working on the petition, he would have gotten a couple more hundred signatures from people who did not feel uncomfortable supporting this openly. Residential Member Matt Skinner stated that the secret ballot is a good process and also that TMVOA needs to see the totals at the end as Stephanie had mentioned. He also stated that he did not feel that the Board currently represents full time working residential members, since both residential board members are either absent most of the time, or second homeowners. Director Greenspan agreed with the secret ballot and also stressed the importance that the votes are not opened and tallied daily. Ms. Fanos explained that the ballots would be collected each day and at the end of the day they would be put into a locked file cabinet. No results would be disclosed to anyone, including anyone who had or had not voted. Director Volponi agreed that the secret ballot is important because there have been questions back and forth where people are not comfortable voting. He said that he likes the idea of keeping the TMVOA staff out of opening and tallying votes and suggested the need for a process to get the ballots to the independent auditors without receiving them at TMVOA offices. Member Jeffrey Fasolo asked whether the vote of the commercial bracket is based upon square footage. Ms. Fanos explained that the commercial class vote is determined by square footage and that the Articles call out how that square footage is measured. The calculation of the number of commercial votes is 1 vote / 250 square feet. Mr. Fasolo further asked if members could get a list of how the commercial class voting currently breaks out. Ms. Fanos stated that members can get a list of the names, addresses and votes of each member and that there is a form on the website to request this information. Director Zemke requested that the number of responses per class required for a quorum be added to the notice. Steve Treacy, the Lodge at Mountain Village concierge then asked how the TSG veto works. Ms. Fanos explained that in order to amend the Articles of Incorporation, a majority of all classes – meaning 2 of the 3 A, B, C classes needs to vote in favor of the amendment, and then Class D, TSG, has to vote in favor of the amendment as well. President Sharp asked if there was any further comment. With no further comment, the Board proceeded with a vote of the motion with a secret ballot, with the record date of 3/10/09 and a return date of 4/2/09. The motion passed unanimously. Director Sweet then asked if the Board makes a recommendation to the members of how to vote, or if the board remains neutral. Ms. Fanos stated that if the Board were sending the amendments to a vote, there would be a requirement for them to make a recommendation, but since this special election is by TMVOA members, there is no such requirement. Director Zemke stated that his only further problem was that he would recommend requiring the additional residential seat be filled by a full time resident. Ms. Fanos explained that since the amendments were drafted and approved as such, the board cannot amend that the ballot language.

**3) Meeting was unanimously adjourned at 1:36 pm.**

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
APRIL 1, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet, Daniel Zemke, Jeff Proteau, John Volponi, and Jonathan Greenspan

**BOARD MEMBERS EXCUSED:** Dave Riley

**STAFF PRESENT:** Stephanie Fanos, Brianne Hovey, Jim Riley, and Leanne Hart

**STAFF EXCUSED:** Erin Neer

**OTHERS PRESENT:** Mayor Bob Delves, Chris Colter, Greg Sparks, Jim Loebe, Nichole Zangara, Scott McQuade, Kate Rideout, Meehan Fee, Jim Fletcher (Parametrix), Ron Brumley (Telluride Web TV), Jeffrey Fasolo, Susan and Robert Star, Chris Cox, and Larry Crosby

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- 1) **Call to Order** – President Sharp called the meeting to order at 4:04 pm. He requested anyone from the public to sign in. He also asked anyone making comments to stand and identify themselves prior to making a comment.
  - 2) **Consent Agenda** - Director Sweet **MOTIONED** to approve the consent agenda, Director Proteau seconded. The motion passed unanimously.
  - 3) **Update on Current Investment Holdings** – President Sharp said that he and Erin Neer had met with TMVOA’s Investment Advisor (Colene Brophy of UBS) to review TMVOA’s investments. He summarized their conversation and said that there was nothing alarming regarding TMVOA’s investments. He spoke about one item that did cause him a bit of concern, which is a \$1 million Swedish Export credit. He was concerned about concentration risk. Director Greenspan said that he thought this update report was very helpful. He said that he would like to see an update of TMVOA’s assets and their state of condition, etc. at the next meeting. President Sharp said that he intended to bring that topic up when the board discusses the budget and that this update was intended to for TMVOA’s investments only. He asked if there was any further comment. There was none.
  - 4) **Consideration of Request from Town on Amending Terms of Affordable Housing Contribution** – Mayor Bob Delves presented. Director Greenspan recused himself from the conversation due to his position on Town Council. President Sharp requested clarification from Stephanie Fanos regarding whether or not a recused person could be involved in the discussion. Ms. Fanos said they could not partake in the discussion or vote. Mr. Delves provided the following background: in 2006/2007, the Town was aggressively looking for land to bank for future development of affordable housing. They purchased acreage in Illium (Sunshine Valley) near the Two Rivers subdivision. The acreage is deed restricted, and utilities are in place. They also purchased four lots at Timberview in the Meadows neighborhood of

Mountain Village. Two privately owned lots have already been developed. The Timberview lots are also deed restricted. The Town paid \$850,000 for Sunshine Valley (Illum) and \$515,000 for Timberview. In 2007 TMVOA approached the town and offered to reimburse the Town for these two purchases. The Town eagerly accepted and entered into a funding agreement with TMVOA. TMVOA reimbursed the Town \$250,000 (of the \$515,000 purchase price) for Timberview and the full \$850,000 purchase price for Sunshine Valley. Mr. Delves said that he has a need and a wish. He discussed items three and four in the Funding Agreement, which address a failure to commence development by the Town, at which point the Town would be required to reimburse TMVOA for the lot purchases. The Town has been dragging its feet for reasons that should be somewhat obvious: the expense, the Town has been through two new mayors, and had changes with Town Council. Town would like to proceed with development and feels the timing for doing so is getting better. Mr. Delves requested an extension that is needed. His wish is to throw much of the Funding Agreement away. Mr. Delves said that this agreement puts the two entities in each other's business more so than necessary. He said that he understood the reason for the agreement in the beginning. Mr. Delves would like to get out of items three, four and seven. Items three and four put forward a time frame, which Mr. Delves doesn't feel is necessary. Item five addresses the green building code, which was just passed in Town and is the same as San Miguel County's. Item six addresses reports, which Mr. Delves also feels is not needed. Item seven addresses the procurement policy, which is nearly identical to the Town's. He summarized that he needs an extension, but that he would like to change the agreement altogether. He said the Town should own the land free and clear, that the rules should be followed and the land should be used for affordable housing, as it is deeded as such. He mentioned there are other methods out there for building housing. For example: for a building applicant; it would be beneficial to work unilaterally with the applicant to get housing built. Alternatively, he said that TMVOA already purchased the land and that TMVOA can make the decisions regarding the land. President Sharp asked Mayor Delves for clarification of unilateral. Mayor Delves explained unilateral as working with an existing employer, who would be the builder. Director Proteau asked about the actual units approved to be built on the land purchased. Mayor Delves said that he believes that there will be 12 units in Sunshine Valley and 4 units at Timberview. Director Sweet said he has no problem with the extension or amending portions of the agreement. He does care about accountability and has concerns about equality in how TMVOA treats agreements with different entities. Director Zemke said that when he read the report he became angry that it has been three years since the purchase of land and that there still has not been a ground breaking. He said he understands the economic climate but it not comfortable with granting an extension. He went on to say that affordable housing is an important issue and thinks that the public has been let down on this issue. He and Mayor Delves discussed the potential process for transferring the property from the Town's hands to TMVOA's hands via quit claim deed, etc. Mayor Delves explained the complexities of the situation and what the Town has done for Village Court Apartments and the Town's revenues, etc. President Sharp said that he would hate to see two organizations in the housing business, but at the same time, he hates to see land approved for housing sit vacant. He also inquired as to the ultimate financial goal, i.e., is the Town looking to break even or make money? Mayor Delves explained how difficult it is to break even when building affordable housing. Director Volponi said that he thinks that housing is important and would hate to see the whole project fall apart. He is looking at the land as an investment that TMVOA has had, and believes that TMVOA should make sure that they are involved in the outcome of the project. Director Volponi noted that TMVOA does not have the funds to go forward any more than the Town does.

Director Sweet offered a solution of a six-month extension with the idea that the two entities can come up with a better solution to the problem in the next six months. Director Sweet **MOTIONED** to grant extension for six months allowing for a task force to come up with a solution. Mayor Delves asked if the board would consider a year extension. Director Proteau seconded the motion. Mayor Delves said that he is asking for the year extension because Town Council will have changes this year in the election and

potentially a new mayor. Director Volponi agreed that a year makes more sense. Director Zemke **MOTIONED** to amend Director Sweet's motion to a year and added that he would like to add a penalty provision if there is no project. Director Zemke said he would like to see immediate reversion to TMVOA if the project has not been started by June 2010. Stephanie Fanos explained the original agreement. Director Sweet adjusted his motion to a year. Director Proteau agreed with the adjustment. Director Zemke said there needs to be some action if the land is going to be held for one more year. Stephanie Fanos explained that with the one-year extension, if there is no commencement on a project, the Town would owe TMVOA \$1.1 million. Director Volponi noted the extension is buying time. Director Proteau said he thinks of the contract as a partnership more than a contract to provide affordable housing. He feels the extension is reasonable and can revisit in one year, but that it is important to continue working on it. Director Sweet noted the environment might be great for affordable housing this year. President Sharp clarified that Director Sweet's motion is to extend the deadline to one year. Stephanie Fanos further clarified the motion as follows: to extend the deadlines in paragraphs three and four from June 1, 2009 to June 1, 2010. President Sharp called for a vote. The motion passed unanimously (Director Greenspan recused).

Director Volponi **MOTIONED** to establish a joint task force between TMVOA and the Town to study the issue within the next six months. Director Sweet seconded. Mayor Delves said that he does not want the housing authority to be the general contractor and explained his reasoning. He asked Stephanie Fanos whether or not someone else could take on the roll of general contractor without violating terms of the agreement. Stephanie Fanos confirmed this was possible so long as the other terms of the agreement were met. Director Zemke expressed a concern with the 6 month deadline vs. 90 days. He added that he would like to see this get moving. President Sharp requested that they form this task force immediately after the council election. President Sharp called for a vote and the motion passed unanimously with Director Greenspan recused.

- 5) **Presentation of Parametrix Gondola Study** – President Sharp introduced Jim Fletcher from Parametrix. Mr. Fletcher thanked the board members for inviting him. He said that the gondola study began in September of 2008 and provided a history of the gondola.

The purpose of the gondola study was to provide a equipment condition assessment, to assess the maintenance and operation efficiency and to provide a 20-year capital budget. There were four site visits: In September during Blues & Brews, in October, in November, and in December with complete cooperation with Chris Colter, Jim Loebe, and their staff. They held personnel interviews with approximately 80% of the staff. They observed equipment and reviewed Operations & Maintenance records, including work orders. Erin Neer provided them with historical financial records for their research. They also contacted nine different gondola systems for comparative purposes. Looked at ridership demand, historically and going forward, existing conditions and comparisons to other systems. In 2007/2008 the ridership totals were right around 2.3 million. Skier counts seemed low; however Mr. Fletcher said it was possible the low count was due to the ways they were being counted. Theoretical capacity per hour for sections one and two is 844 passengers per hour, while section three has a theoretical capacity of 622 passengers per hour. In Parametrix's observations and in looking at the information provided by Chris Colter the maximum hour count for 2007 was 771 passengers (91% capacity), while the average hour count was 611 passengers (72% capacity). Less than ½% of hours require 70% capacity. One of the purposes of the study was to determine if additional cabins are required. He said additional cabins are not needed at this time. Parametrix found that Jim Loebe and team had more maintenance hours compared to other systems. They also found an inordinate amount of unscheduled work orders, consequently supplies, parts and repairs average \$950,000/year. The Gondola has 58,000 hours of

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
BOARD MEETING**

**APRIL 1, 2009**

operation, averaging 5,000 hours per year. Mr. Fletcher believes the loading areas are inadequate and is contributing to the inefficiency of loading cabins. The bullwheels have an expected life 30,000 hours, which he considers low; this is probably due to original design issues. In comparison to other areas the technical hours per operating hours are 0.14 vs. an average of 0.07. Attendance hours per terminal operating hour are 2.15 vs. 2.04 (favorable). All hours are weighted. Spare parts and repairs cost, on average, \$950,000 vs. \$300,000. The gondola had 546 unscheduled work orders as opposed to an average of 75.

Mr. Fletcher reviewed the management structure of the Gondola in comparison to other transport systems, all of which were ski resort systems and also included a few other tram systems. The Gondola is a free public transportation system with no operating incentives. In other words there are no incentives to save money. He said that the system is good overall. The original equipment was not adequate for condition of use, causing an extraordinary amount of maintenance, however spending on maintenance has not been inappropriate. Going forward, the amount of maintenance can be reduced. He said that additional cabin purchase is not recommended at this time. Mr. Fletcher also said he feels the modifications that have been made look to be adequate. He recommended that TMVOA provide more aggressive oversight to gondola system purchases. Original capacity is 1200 passengers per hour, which the gondola cannot provide this capacity at this time. In order to operate at capacity major modifications would be required. President Sharp asked if the improvements made in 2007/2008 caused the decrease in capacities. Mr. Fletcher confirmed and provided the details of the improvements. Director Greenspan asked about measurements and mandates due to federal funds. Chris Colter explained that the obligations are safety related and that they have to test their operators for drugs. Mr. Fletcher explained that the mandate is related to the number of operators not the number of mechanics. Director Sweet asked about the tram systems Parametrix looked at. He also inquired about incentive plans, and how the gondola would benefit from such plans. Mr. Fletcher explained his point regarding Portland and New York and how they use a third party to operate and maintain their systems and the use of incentives on that situation. He added that he is suggesting that TMVOA look into adopting a similar approach to reduce costs. Director Greenspan asked about the \$560,000 for maintenance Mr. Fletcher had previously mentioned. Jim Fletcher said that number was the capital improvements average. Director Proteau said that the report is great, covers good information. He asked Jim about the comparisons and if the other systems had three legs, and if the hours were weighted accordingly. Mr. Fletcher said yes, the numbers take into account the differences between the Gondola and comparison systems. Discussion followed regarding future improvements. Director Sweet asked about cabin purchase obligations. Stephanie Fanos confirmed the obligations with the county and the Town of Telluride. She added there were no additional obligations beyond those agreements. Director Volponi asked Mr. Fletcher to expand on his idea of having a parking system for cabins to allow for maintenance and so forth. He also asked about return on investment. Jim Fletcher said return on investment was not in the scope of Parametrix's study. Mr. Fletcher talked about cabin storage. Director Greenspan asked for a recommendation of where the cabin storage could be. Jim Fletcher said they had not done analysis on cabin storage. Director Greenspan asked about the angle station for storage. Greg Sparks said on behalf of the Town staff that they thought the study was a good idea and are looking forward to working with the TMVOA gondola committee. He feels the study will provide a good blueprint moving forward looking at operating efficiencies and structural improvements. The Town sees this as a continuation of dialogue. President Sharp asked if there were other comments from the public or the board. Director Sweet thanked Mr. Fletcher. President Sharp agreed adding he felt the study was money well spent and that Parametrix did a first class job. He then asked Stephanie Fanos about the original PUD. Stephanie Fanos explained that the original PUD agreement is no longer the document that the gondola is running under. She listed the agreements that are responsible for the operating requirements of the gondola. Chris Colter said the capacity issue is still up in the air and would like to discuss it further the following day on the community

level. Mr. Fletcher clarified that Parametrix was not the entity that said the capacity could not be at 1200, Dopplemayr is. President Sharp **MOTIONED** to accept the report. Director Sweet seconded the motion and the motion passed unanimously with Director Proteau, Director Zemke, and Director Greenspan recused.

- 6) **Financial Performance Update and Consideration of Budget Reduction Alternatives** – President Sharp reported that there is a significant shortfall in the budget. As of this meeting, there was nothing on the books for April RETA. March RETA hit budget. February RETA was half of budget. Based on the RETA revenues, President Sharp said that the board needs to look at what they can cut and said that he would like some suggestions. He said that the items on the list are those that are not already under contract, or have already been paid for. Director Sweet said there is a need to back off from services that other entities can perform. Discussion of budget vs. actual. Stephanie Fanos explained the items that can be removed/adjusted in the budget. President Sharp invited Scott McQuade to comment on MTI Marketing and Guest Services. Mr. McQuade explained the purpose of MTI and their marketing efforts. He said that the suggested reduction is reasonable. He said that they are thankful for the cushion that TMVOA has offered. Director Greenspan asked about the impact of the Telluride airport closure. Mr. McQuade explained that they will need more help to overcome the hurdle of getting people to Telluride because of the airport closure. President Sharp discussed the timing of the video and suggested holding off until next summer. Discussion of video followed. Director Sweet agreed that TMVOA should spend money to encourage visitors but also said that he believes that other entities should step up to the plate. Mr. McQuade said that TMVOA can also cut \$40,000 for Guest Services and offered suggestions of where the cuts can be made. Kate Rideout explained that MTI has spent \$170,000 going into the 2<sup>nd</sup> quarter. President Sharp asked Mr. McQuade to return to the board with other suggestions for budget cuts.

TMRAO: President Sharp explained the line item. He said TMRAO has a reserve of \$5.5 million. Director Greenspan said there is a need to reign in the monies. Director Zemke said he believes that money spent on marketing is important. Director Greenspan asked if there is an overlapping of marketing efforts between MTI and TMRAO. Director Volponi asked how changing this line item would affect the budget for the TMRAO for this summer and next winter. He added that perhaps TMRAO could work with TMVOA since they have a financial cushion, and TMVOA is losing theirs. President Sharp explained the high reserves (\$5million) of the air organization. Director Sweet said that he was prepared to cut the total TMRAO budget. He also said, TMRAO knew about the potential funding cuts and did not show up for meeting. Director Proteau asked if TMRAO would go forward with their marketing efforts that this money is set aside for, using reserves, or if they would cut the program. Scott McQuade explained that TMRAO works together with MTI and that they do not duplicate efforts. He added that if TMVOA does not provide the funding, that marketing will not be done. Director Sweet asked about other entities like TMVOA funding TMRAO marketing dollars. Scott McQuade said not additional to the normal funding mechanisms. Director Greenspan said he struggles with the idea of cutting events and keeping the TMRAO funding. Director Sweet said he is happy to match funds up \$45,000 assuming that TMRAO would find another funding source. Director Volponi suggested TMVOA drop funding and TMRAO can come back to TMVOA to ask for funding. President Sharp asked if there was a consensus. Director Proteau said he was more comfortable with cutting the funding and allowing TMRAO to come back and ask for funds. He would support bringing up the matching idea at that time. Member Jeffery Fasolo said he followed TMRAO website, noting every time US Air was supposed to fly into the airport in bad weather, flights are dropped rather than rescheduling. He requested TMVOA bring up the subject with TMRAO if they requested funds. Director Sweet agreed with Member Fasolo and said that TMVOA will bring up the issue with TMRAO. Director Greenspan said there is no report on ROI. He finds it hard to cut items when there is no way to measure success of events/funding.

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
BOARD MEETING**

**APRIL 1, 2009**

Oktoberfest: Director Greenspan said that he would like to see Oktoberfest continue and suggested a reduction. Jim Riley said Oktoberfest is a family event, contracted with the Mosers at \$2,500 based on budget availability. In previous years, the conference center has extended their liquor license. Mr. Riley said there isn't much ROI for this particular event. Discussion regarding capping event, finding sponsors, and/or having staff redesign the event.

Fireworks: Jim Riley said that visitors expect fireworks on New Year's Eve. However, he said that he doesn't know that TMVOA should fund the event entirely. Lodging is a major cost of putting on the fireworks. The Fire Department said they could do this event for less money depending on expectations of the show. Stephanie Fanos asked for details. Director Greenspan suggested contacting Scott Bennett.

Outdoor Cinema: Jim Riley said the program was successful last year. He said there was a question on ROI. The Outdoor Cinema is currently budgeted for six films, two nights in June, July and August. President Sharp asked if the event brings money to businesses in The Core. Director Proteau suggested getting rid of the event. Director Volponi suggested screenings be cut back to four films as opposed to six. Jim Riley suggested two weekends of two shows each.

Meadows Spring Clean up: Director Greenspan said to remove this event from the budget and calendar.

Full Tilt: President Sharp said the event is gone.

Summer Bungee Activity: Jim Riley said last summer TMVOA funded the entire thing, providing free jumps. Over this past winter jumps were \$10 a piece and \$15 a piece. Mr. Riley said that he spoke to Gravity Play and asked what their price would be, they said \$15 per jump. Mr. Riley said people are willing to pay, and TMVOA does not have to fund. President Sharp asked if TMVOA would need to guarantee a floor. Jim Riley said yes.

Sunset Concert Series: Director Greenspan commented that this series is a priority issue, equal with the Town's Dial-A-Ride, and is the number one thing he hears about from all merchants and residents: please do not lose this event. He said the feedback is phenomenal, adding that the event has given Mountain Village a name. People expect it. Stephanie Fanos said bigger crowds come with bigger names. Director Zemke said that the board wants to keep this and pick up quality. Director Proteau asked about having fewer shows, better quality. Scott McQuade said this could be a great way to draw people to Town for the weekend. He encourages big name groups with a big draw. He said consider the venue; how good is the venue? Mr. McQuade feels for a big name performer the majority of people would be happy to pay for the show, and at \$15 per person TMVOA can cover the cost of show. Director Sweet said there is a need to dig in to actual costs and find a way to get max return. Stephanie Fanos said sponsorships and strategic alliances need to be explored vigorously. She added that TSG donates the land. President Sharp asked for a consensus. Nobody wanted to cut it. Director Volponi suggested looking into self-funding concerts.

Red White and Blues: Director Greenspan suggested asking the Town for a reduction of Town's costs, all in the same boat, want people in the core. He also suggested rearranging children's activities, to lower costs. But he emphasized not cutting children's activities because there are so many families with children.

President Sharp **MOTIONED** for the indefinite postponement of the following events under capital reductions and non-returning expenditures: MTI: reduce budget by \$40,000, TMRAO: cut to \$45,000 and give TMRAO a chance to respond, Oktoberfest: ask staff to redesign, cap at lower figure (suggested at \$10,000), fireworks: table, send back to staff to work with TSG and additional potential sponsors for help, outdoor cinema: cut to two weekends instead of three (looking at \$16,000 instead of \$24,000), Meadows cleanup: eliminated, Full Tilt: eliminated, Summer bungee: remain in budget with expectation that it will

pay for itself, Sunset Concert Series: no reduction, RWB: cap at \$50,000, or \$60,000 selection. Director Sweet seconded. The motion passed unanimously. Director Sweet suggested helping Dial-A-Ride to be a fiscally stable program. President Sharp asked to defer that to new business.

President Sharp said there was one other item on the budget: re-allocations, essential a book keeping exercise that has already begun. Items need approval. President Sharp **MOTIONED** to amend 2008 budget and 2009 budget as Erin Neer proposed. Director Zemke seconded. The Motion passed unanimously.

- 7) **Update on Ecosign Core Revitalization Plan** – President Sharp **MOTIONED** to accept report and approve it for release to the public. Director Sweet seconded. Director Proteau asked about having Ecosign come back and make a presentation. Director Zemke suggested getting the report out to the public and then ask Paul Matthews to return to answer questions. Director Sweet said he is disappointed in the fees associated with having Paul return to present. Stephanie Fanos said she'd prefer the motion to be accepting the Ecosign report in the final form submitted and then asked that the board specify how to distribute the report to the public. Director Zemke suggested posting the report on the web and have extra copies available for circulation purposes at the office. President Sharp **MOTIONED** to accept Ecosign report as final report and that TMVOA release for publication on the web and maintain a few copies (20) available at the TMVOA office. Director Sweet seconded. The motion passed unanimously. Stephanie Fanos asked for a motion to direct staff to have a public presentation by Paul Matthew if the cost can be negotiated. Director Sweet **MOTIONED** for the board to support a public presentation by Paul Matthews if the cost is reasonable. Director Volponi asked Director Sweet to define reasonable. Director Volponi feels a public presentation is necessary and worth the money. Director Volponi **MOTIONED** to have a public presentation to the community by Paul Matthews and directs staff to renegotiate the cost by 50%. Director Sweet seconded. The motion passed unanimously.
- 8) **New Business** – Director Zemke requested that Erin Neer or Staff present a mid-year report of operations budget at the next meeting. Director Zemke **MOTIONED** to have an updated report/presentation of administrative costs at the next regularly scheduled meeting. Stephanie Fanos clarified that Director Zemke was looking for the year to-date budget versus actual. The date of the next regularly scheduled general meeting was established to be June 17<sup>th</sup>. Ms. Fanos suggested that the budget report be as of May 31<sup>st</sup>. Director Proteau seconded the motion and the motion passed unanimously. Ms. Fanos then clarified as to whether or not the board wanted to see a complete assessment of the budget to date. President Sharp then suggested that the Motion be amended to include the entire budget. Director Zemke amended his **MOTION** accordingly, Director Proteau seconded the motion and the motion passed unanimously.

Stephanie Fanos updated the Board on recent changes to IRS Form 990 that TMVOA is required to submit to the IRS. She stated that the IRS believe good corporate governance leads to good tax compliance and has substantially updated Form 990 to reflect this policy. The staff is working closely with Auditors regarding form 990. Ms. Fanos added that TMVOA must disclose if any of the board members, officers, or staff have a business relationship with each other. The IRS is concerned with excess compensation, excess benefit transactions, conflicts of interest, and whether or not TMVOA has policies and safeguards in place. She said there are two things to be aware of; first a questionnaire will be sent to all board members. Second, she is looking for direction from board to look into policies. Ms. Fanos would like to update policies so that TMVOA is not under heightened scrutiny. She would like to come back to the board with suggested policies in late summer. Director Greenspan asked if this is something CIOA would help with. Stephanie Fanos said the IRS standards in some instances require higher standards than the state law. Ms. Fanos explained in further detail as to what kind of questions would be on the questionnaire. Director

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
BOARD MEETING**

**APRIL 1, 2009**

Sweet made a **MOTION** to authorize President Sharp to work with Ms. Fanos to review and bring up to date the policies. Director Volponi seconded the motion and the motion passed unanimously.

Director Sweet: Dial-A-Ride. Director Proteau said he agrees that Dial-A-Ride is important, but also agreed with Director Sweet at a previous meeting that TMVOA would help if the Town came to ask for help. Director Sweet said he wants to be proactive and wants a continuous Dial-A-Ride to be important. He would like to work with the town to make sure that it stays in place. Stephanie Fanos suggested forming a committee or asking President Sharp to meet with the Town and work on Dial-A-Ride. President Sharp said he feels Dial-A-Ride is abused and feels there should be a nominal charge. Director Sweet wants TMVOA to make a statement that Dial-A-Ride is important. Director Volponi said the board just spent hours trying to cut costs in budget and questioned throwing money at Dial-A-Ride. Director Proteau asked when the shortfall is going to come into place. He suggested putting a discussion item on agenda for next meeting. Director Zemke said he is in favor of the committee, as well as the idea of a nominal fee for Dial-A-Ride users, but that he is not in favor of adding an expense to TMVOA's budget.

- 9) **Adjournment** – Director Proteau **MOTIONED** to adjourn the meeting, Director Sweet seconded the motion. The meeting was adjourned at: 7:27pm.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
APRIL 3, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet, Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Stephanie Fanos, Brianne Hovey, Jim Riley, and Leanne Hart

**STAFF EXCUSED:** Erin Neer

**OTHERS PRESENT:** Matthew Beaudin (Telluride Daily Planet), Andrew Karow (Alpine Bank), Todd (Alpine Bank), Matt Skinner, Richard and Valerie Child, and Bob Rubadeau

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- 1) **Call to Order** – President Sharp called the meeting to order at 4:00 pm.
  - 2) **Election Results** – Leanne Hart presented the election results, beginning with the breakdown of the possible votes as well as the number of votes that were cast. The Residential class had 2,234.21 total possible votes. On Amendment I, 1,119.97 votes were cast, representing 50% of the class votes cast. On Amendment II, the Residential class cast 2,209.13 votes, representing 50% of the class. The Lodging class had 546 total possible votes. On Amendment I 332.10 votes were cast, representing 61% of the class. On Amendment II the Lodging class cast 331.10, representing 61% of the class. The Commercial class had 1,118 total possible votes. On Amendment I, 840 votes were cast, representing 75% of the class. On Amendment II, the Commercial class cast 840 votes, representing 75% of the class. The Mountain Member has 1 total possible vote. On Amendment I, 1 vote was cast, representing 100% of the class. On Amendment II, the Mountain Member cast 1 vote, representing 100% of the class. She then announced the results by amendment. For **Amendment I**, Class A: voted YES with 729.71 votes; Class B: voted NO with 244.33 votes; Class C: voted NO with 664 votes; Class D: voted NO with 1 vote. **Amendment II**, Class A: voted YES with 722.36 votes; Class B: voted NO with 240 votes; Class C: voted NO with 664 votes; Class D: voted NO with 1 vote. Neither amendment passed.

President Sharp said that the results speak for themselves and asked if anyone had any comments. Director Riley said that this was good process and that the result was not one that he expected. He recommended that the Residential Representatives engage in more interaction with the Class A members, continuing that Director Greenspan holds a monthly meeting with the commercial class, which allows the merchants to feel heard. He noted that many of the residents have spoken that their voices are not heard. He thinks that a regular residential meeting would be helpful. He added that the lodging community could benefit as well. President Sharp noted the residential class is more widely dispersed than the commercial class, which is a complicating factor. He noted that a good share of regular meeting attendees are residents and that the suggestion is taken under advice.

- 3) **Adjournment** – Director Riley **MOTIONED** to adjourn the meeting and Director Zemke seconded the motion. The meeting was adjourned at: 4:06pm.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
MAY 4, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Greenspan, Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Sweet (via telephone)

**STAFF PRESENT:** Erin Neer, Stephanie Fanos, and Brianne Hovey

**STAFF EXCUSED:** Jim Riley and Leanne Hart

**OTHERS PRESENT:** Coelene O’Kane and Sidney Zink (Fredrick Zink & Associates), Ron Brumley (Telluride Web TV), Karen James (The Watch), and Mayor Bob Delves, Linda Cook, and Carly Shaw (SMVC)

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- 1) **Call to Order** – President Sharp called the meeting to order at 12:36 pm.
  - 2) **Consideration and Acceptance of Audited Financial Statements through December 31, 2008** – Sidney Zink said that the audit is complete at this time, however if the board has any concerns, they are open to making certain changes. They do not expect to make any changes in terms of numbers. One change since the draft is a \$30,000 reduction in liabilities due to a misunderstanding of a bill. Erin Neer explained that it was an over-accrual of the ice skating rink. Ms. Zink continued, saying the auditors’ unqualified audit opinion is that the financial statements are fairly represented for the last year. She added that it is the company’s second year as the auditor, so they were able to do a year-to-year comparison this year. The auditors used the audit and accounting guide issued by The American Institute for CPAs for Common Interest Realty Associations. Ms. Zink said TMVOA is an unusual organization as it is a 501C4 (tax exempt), nonprofit corporation and a Common Interest Realty Association. She said having two years of financial statements is always better because there is a comparison of where the organization has been. Ms. Zink went on to explain the pieces of the report. The first statement is the Balance Sheet; dated December 31, 2008, which shows total assets are down by \$4 million, while liabilities up \$1 million. She said this is a bit concerning. She explained that the Balance Sheet is a statement of the financial condition in terms of assets, liability, and, most importantly, equity. She said the members’ equity is solid at about \$20 million. She added that it is important to look at the asset composition. TMVOA’s asset composition is fairly liquid and the organization is positioned as well as it can be.

Ms. Zink then spoke about the Income Statement; she said that TMVOA’s Income Statement is unique because it is broken up into three categories, including Non Recurring Costs. Ms. Zink said there is not a lot of unilateral control over the expenses in the Non-Recurring Costs category. She added that for 2008 there are significant numbers in this section. Ms. Zink said there was a significant decrease in RETA, accounting for virtually all of the decrease in revenue. Interest and Investment Income of \$583,000 was cut almost in half from 2007, but better than most organizations. Because of the nature of investments, TMVOA continued to earn interest and dividends. She added that the reference provides further

breakdown. Ms. Zink said the recurring revenues and expenses (pre-non-recurring) are a positive number by a little bit. The Accrual Statement shows costs whether or not they have been paid.

The Statement of Cash Flows is broken down into three parts – operating activity, investing activity, and financing activity. She explained that the operating activity is the day-to-day activity plus investment earnings. The Statement of Cash Flows shows the cash in from owner assessments and RETA accounts. All expenditures, including operating and non-recurring, are also part of the operating activity. In operating activity, TMVOA spent \$4 million more than it took in. President Sharp asked about the difference in assessments collected between the Income Statement and the Statement of Cash and asked if the difference indicated an amount owed. Ms. Zink said yes. Director Riley asked about the difference in Cash received from rents and other income, noting the drop of \$1.7 million. Ms. Zink said the Town owed TMVOA \$1 million in 2007 and the Metro District owed TMVOA about \$600,000 in 2006, which was collected in 2007. She said they were both non-recurring items. Ms. Zink continued discussing investments. President Sharp asked how the auditors assessed the cash value of TMVOA's assets. She said they used the broker's statements. Ms. Zink said that for the year, cash was depleted by \$4.75 million. The bottom portion reconciles the cash decrease.

Stephanie Fanos explained the process of collecting assessments from owners who have been forced into foreclosure or who have suffered bankruptcy. Director Riley asked about the decision made to create a reserve and whether or not it began in the end of 2008. Erin Neer explained that this reserve is set up to begin in 2009. Ms. Zink said there would be one exception noted in their opinion letter regarding the capital reserve projection. She said the capital projection is not required, but it is recommended supplemental information. Ms. Zink went on to discuss the principals of consolidation. She said for many years, there has been a subsidiary that technically is consolidated into TMVOA's statements. This is the last year for consolidated statements.

Ms. Zink said no basic accounting policies have changed in the last year. She went on to discuss items on page 7, the composition of the investment portfolio. Information on the composition of the investment portfolio is required disclosure. Ms. Neer added that she updates the calculations each month. Ms. Zink went on to page 8, accounts receivable and doubtful accounts. Director Sweet asked about capital assets and whether or not the numbers for Blue Mesa and the reception center includes depreciation. Ms. Neer confirmed that the numbers do include this depreciation. Director Sweet asked if other assets were being depreciated as well. Ms. Neer said the only asset that is not depreciated is land and that everything else is depreciated per GAAP regulations. Ms. Zink said note 5 talks about the investment in land and that TMVOA does not intend to be the developer for the affordable housing purpose. Director Riley asked about the land. Stephanie Fanos explained the land is under an acre and right now it is zoned as mixed use. The land is currently zoned to be used as live-work, and that the previous owner has been going through the process to rezone the land as affordable housing. There is potential for 16 units of affordable housing.

Ms. Zink discussed the disclosure about obligations and related parties. Director Volponi asked about the report from VCA on ability to pay debt. Ms. Neer said there is not a report at this time since it is not a requirement. Director Greenspan, from his Council perspective, explained briefly the current state of VCA's finances and improvements being undertaken. Ms. Neer stated that she would work with the Town to obtain a quarterly financial update on VCA. Ms. Zink talked about the last page and the changes. She discussed the seven discrepancies. Erin Neer explained process for receivables and cash flow.

Ms. Zink discussed the Consolidating Balance Sheet. She said it looks a little silly because the subsidiary has been dissolved. Director Zemke asked about page 3 regarding income and expenses, specifically, the

bad debt expense of \$162,000. He asked if that was due to foreclosures. Erin Neer confirmed. Mr. Zemke then asked about legal expenses other \$103,980 in 2008 and nothing in 2007. Ms. Neer and Stephanie Fanos explained the expense was related to litigation, specialized legal counsel services related to CCIOA and governing document compliance, legal opinions, and tax exempt status compliance and it was non-recurring. They said \$30,000 was linked to the lawsuit.

Sidney Zink said that along with every audit opinion, auditors are required to issue statements. The letter is directed to the board of directors. This letter is a result of a lot of boards being out of touch with the auditors and the staff. The auditors work together with management, but work for the board. She said most of the letter is boilerplate because there were no issues or disagreements. The letter also states the responsibilities of the auditors under auditing standards. Ms. Zink said the auditors have to make a judgment call over what is significant and what is not. Ms. Zink discussed the audit entries made for depreciation and other similar entries and Ms. Neer discussed the contra accounts utilized for such entries in the budgetary statements that are used for internal purposes. Ms. Zink concurred that the issue was primarily a presentation issue between the audit requirements and internal budgeting policy.

Ms. Zink moved on to the second letter, which discusses control deficiencies standards. She explained the different kinds of deficiencies. She said the auditors did find a few minor deficiencies, however only major deficiencies are required to be mentioned on paper. The minor deficiencies were discussed during the audit.

Coelene O’Kane said that with internal controls on top of the list, it was a pleasure to work with staff. President Sharp asked how TMVOA stacked up against other non-profits. Sidney Zink said it is common for non-profits to not recognize the importance of accountability. She said that this staff does recognize the importance of accountability. Ms. Zink said it can be challenging to find qualified personnel in small communities. She said that they are glad that TMVOA recognizes this need and has made such a strong commitment to qualified staff, which in turn is providing a good return to the organization. President Sharp made a **MOTION** to accept the audited financial statements subject to the \$30k adjustment and related footnotes. Director Greenspan seconded the motion and the motion passed unanimously.

- 3) **Consideration and Acceptance of 2008 Tax Return (Form 990) and Update on Related Disclosures and Required Policy Updates** – Ms. Zink explained that the IRS changed the tax return procedure. She showed the board the book “The New Form 990”, which explains why the IRS needs to know certain information. She said that both Erin Neer and Stephanie Fanos have studied the form. Once the form is submitted, the information is public. She explained that this is another reason to be very careful and specific when filling out the information. The first page wants to know who you are, what are you doing, and why should you be tax exempt.

There are now more questions on Form 990 about what you do, how you make decisions, and how you are controlled. Ms. Zink explained that any “no” answers in the policies section, should be looked at and resolved. Ms. Fanos said that the board previously authorized staff to work on these policies. Ms. Zink explained again that this form is public and that if someone asks for a copy of it, TMVOA will provide a copy of it. Ms. Neer clarified also that one such item is the recommendation of utilizing an audit committee and said that an audit committee will be established next year.

Director Sweet asked about a cash transaction in expense of \$10k and disclosure. He asked if he needed to disclose every entity that he is involved with. Ms. Fanos confirmed that he does. Director Greenspan asked about a deadline. Ms. Neer responded that the form needs to be submitted as soon as possible.

Director Greenspan asked if the tax return is due on May 15<sup>th</sup>. Coelene said there is a possible extension. Ms. Neer discussed expenses on rental, primary cost is utilities. Triple net costs paid out of pocket, but then charged triple net cost to tenants. Rental revenues are about \$412,000 compared to rental costs of \$35,000.

Ms. Zink advised to write as few words as possible on schedule L. She said in general, non-profits should not loan money out to anybody. Ms. Zink said on schedule O there is reasonable space to provide reasonable detail. She said schedule O addressed classes of membership and classes of board members. She then discussed grants and what information must be provided for every entity. EIN must be provided for grantees.

President Sharp asked if there were any further questions or comments on the tax return. Ms. Fanos said the board approved funds in 2007 for an independent specialized council to be sure that TMVOA is in compliance. Ms. Zink explained that TMVOA could lose tax-exempt status if not in compliance. Ms. Fanos said tax compliance used to be enforced by revoking tax-exempt status, however, now, the IRS has an option not to punish the tax-exempt organization, but the other organizations that benefit from the transactions in question. President Sharp asked for a quick indication of whom is comfortable accepting this without having a lot of time to review. Director Riley said he read the tax report while presenting and felt very comfortable with the presentation. President Sharp said he would read it over thoroughly prior to signing. President Sharp made a **MOTION** to accept the tax return. Director Riley seconded the motion and the motion passed unanimously. President Sharp added that the motion was subject to any amendments and major revisions. President Sharp thanked the auditors for a clear and thorough presentation. Ms. Zink said that if TMVOA decides to go with an audit committee in the future, the auditors would present this level of detail to the audit committee. Then, the audit committee could make a recommendation to the rest of the board.

- 4) **Update on RETA Revenue** – Ms. Neer summarized what had come in and what she is expecting in terms of RETA. She reviews RETA numbers with President Sharp each week. Director Zemke commented that March was a good month for RETA. Ms. Neer said that RETA hit budget projections in March. She continued by stating that there is an absence of single-family homes closing. President Sharp said things are not getting much better.
- 5) **Consideration of Amending Budget for Increased Square Footage of Capella Amenity Purchases by the Town and Funded by TMVOA** – Ms. Fanos explained that this discussion is for one particular unit to be funded by TMVOA. TMVOA entered into an agreement with the District (now the Town) in which of the all amenities in the Capella project, other than the parking garage are funded by TMVOA. The Town of Mountain Village will own the facilities, but TMVOA will fund. One such unit is the Zamboni room. According to the original contracts, and based on original specifications the estimated square footage was 200 sq. ft. The approved plan was 506 sq. ft. Per agreement, TMVOA is obligated to pay the purchase price at the actual, increased square footage. She said that on top of the purchase price are the closing costs associated with two condos that TMVOA is purchasing in addition to the property that TMVOA is funding on behalf of the Town of Mountain Village, which had not been included in the budget. Ms. Neer said some blanks were left in the motion because the amount of closing costs and square footage was not known. Closing costs recently were estimated to be \$15,000. Ms. Fanos said that they wanted to be conservative with that number because she does not want to approach the board for another adjustment request. Ms. Fanos asked if there were any questions. Director Riley asked if this was necessary as a result of the agreement with the town. Ms. Fanos said originally there was a purchase agreement between TMVOA and RAL. In that agreement there were certain requirements to buy back certain spaces in the

RAL project. As the project moved along, the terms were memorialized in two additional documents. One from the Metro District and one from TMVOA. Originally TMVOA was going to buy back all of the improvement except for the underground parking. Previous boards agreed the Town would hold the title and TMVOA would provide funding. Town has since assumed the Metro District's role. Director Riley asked if TMVOA has a choice. Ms. Fanos said that TMVOA does not. Ms. Fanos asked the Town via Jim Mahoney if TMVOA could use some of this additional storage space for event equipment, etc., but that we have not received a final answer yet. Director Riley said that would be great. President Sharp asked Ms. Neer to fill in the blanks. Ms. Neer clarified that the first amount in the motion should be \$91,800, the second one is \$151,800, and the final one is \$15,000.

Director Riley made a **MOTION** as worded by Ms. Neer. Director Greenspan recused, Director Volponi recused. Director Proteau seconded the motion and the motion passed unanimously with Directors Greenspan and Volponi recused.

Ms. Fanos gave an update on the status of spaces. TMVOA is obligated to a direct purchase of two spaces, the TASP space and the post office space. Ms. Fanos has been working with RAL's counsel. TMVOA has retained an inspector who has identified a few punch list items for which we are expecting a notice of completion this week. The properties would then be inspected again, and upon successful inspection, would trigger a closing date. For the Town owned units that TMVOA is required to fund, TMVOA is working closely with the town on closings. She said TMVOA doesn't want to take money out of investments too early, but will want to be able to timely fund the units. Ms. Fanos believes that TMVOA units will close prior to the Town's units due to the current issues surrounding both closings. Director Volponi asked about the use of the post office space. Ms. Fanos said in the interim the space would be used for storage, as approved by Town Council. This would provide the board time to look at options. She added that the space is not finished and that funds would have to be allocated to finish. She said TMVOA would have to apply for a change in the usage of the space through Town Council.

Director Riley asked if TMVOA owned the two buildings at the entrance. He said they needed some maintenance, rooftops, and staining, etc. Ms. Neer said that major repairs are being reviewed through the facility reserve numbers currently being calculated, but that in the meantime, she would review the buildings to determine what might be needed in the short term. Director Greenspan said last TMVOA meeting, Mayor Delves brought up affordable housing. Ms. Fanos asked if his comment was related to the topic. Director Greenspan said it was new business. Ms. Fanos said it was a special meeting and therefore we needed to only discuss items on the agenda. Mr. Greenspan withdrew his comment. Director Sweet asked about bringing the Beach Boys for a concert again, but then withdrew this discussion as well as it was not on the agenda.

- 6) **Adjournment** – Director Riley made a **MOTION** to adjourn the meeting, Director Volponi seconded the motion. The meeting was adjourned at 2:31pm.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
JUNE 25, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet via Telephone, Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**BOARD MEMBERS EXCUSED:**

**STAFF PRESENT:** Erin Neer, Stephanie Fanos, Brianne Hovey, and Leanne Hart

**STAFF EXCUSED:** Jim Riley

**OTHERS PRESENT:** John and Ellen Grimes, Chris Colter, Greg Sparks, Jim Loebe, Kenny King (TSG Lift Maintenance), Nichole Zangara, Scott Stewart (TMRAO), Kate Rideout, Sandy Chio, Penelope Gleason, Brian Eaton, Bob Rogers, Richard Child, Kevin Swain, Catherine Jett, Cole Hartly (TCTV 12), Seth Cagen (Watch), Pete Mitchell, Don and Nancy Orr, Jeffrey Fasolo, Adam Black (San Miguel Bike Alliance), Tony Forrest, Chris Cox, Lou Alaia, David Baldwin

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- 1) **Call to Order** – President Sharp called the meeting to order at 4:02 pm.
  - 2) **Consent Agenda** – Director Greenspan made a **MOTION** to approve the consent agenda, Director Riley seconded the motion and the motion passed unanimously.
  - 3) **Acceptance of Appointment of Directors Zemke and Volponi to Joint Housing Task Force with Town of Mountain Village** – TMVOA had put up money for two parcels of properties in the Town of Mountain Village’s name. The parcels were supposed to be developed as affordable housing in 2008, however an extension was granted to the Town and a task force was put together to work on meeting new deadline. President Sharp asked Directors Zemke and Volponi to serve on this task force; they both agreed. President Sharp said he is looking for approval. President Sharp made a **MOTION** to appoint Directors Zemke and Volponi to serve on the Joint Housing Task Force. Director Greenspan seconded the motion and the motion passed unanimously.
  - 4) **Presentation by TMRAO to Reconsider Additional Marketing Funding in 2009** – Scott Stewart from TMRAO presented. Mr. Stewart said he understands why TMVOA had to re-evaluate funding but wants to be clear that initially TMRAO was approved for \$95,000 in funding for summer 2009 through winter 2009/2010. He said If TMRAO does not see this same level of funding (\$95,000) they will need to cut funding presently approved for next winter based on initial funds. This is one big reason to maintain the same level of funding. Mr. Stewart said the funding is important and because of the air service specific marketing TMROA did. He said last winter the number of seats increased by 2%, while sustaining the level of passengers. Mr. Stewart compared Telluride to other resorts. Aspen, Pitkin Co. increased their seats by 8% but saw a 17.5 % drop of passengers on flights. Jackson saw a 13.5 % decrease in passengers

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
BOARD MEETING**

**JUNE 25, 2009**

and Steamboat was also down. He contributes Telluride's success to the marketing TMRAO does to attract destination visitors to the area. He noted that sales tax did not hold as well because visitors weren't participating in as many activities such as ski lessons, and eating out as much, etc. Director Riley disclosed that he is a board member for TMRAO. Director Volponi asked Mr. Stewart if he knew the number of second homeowners vs. overnight lodgers coming to town. Director Volponi noted that lodging was tax down, restaurant tax was down, etc. Mr. Stewart said TMRAO did see a slight increase in second homeowners flying in and an increase in people visiting family or friends. Additionally, folks were booking through cyber rentals and not all of these transactions result in tax revenue.

Director Greenspan asked how much money is in the TMRAO reserve. Mr. Stewart said the reserves started at about \$5.5 million and is down now to about \$5 million. He added that reserves are projected to go down to about \$4.3 million by December of 2009. Director Greenspan asked if the airline guarantee would be transferred to Telluride with the new runway, and bigger jets, or if it would stay in Montrose. Mr. Stewart said it has always been TMRAO's position that any service they can get into the Telluride airport they would go after. He said they did that with US Airways in the winter. He added that the problem in the last few years has been the limited type of aircraft, and limited amount of times that the planes can actually fly into Telluride. He said TMRAO's goal is to maximize the seats into Telluride that they can fill up and sustain. Director Greenspan asked Mr. Stewart if he was asking for the remaining \$45,000 to be reinstated. Mr. Stewart confirmed. President Sharp asked if TMRAO had to make any payments under the guarantee program this last winter. Scott Stewart said yes. He said one reason was because fares were extremely low and low fares do not always pay for the aircraft. He said for most of the airlines TMRAO had to pay cap (88% of flights). President Sharp asked the total cost in guarantee payments TMRAO made last year. Mr. Stewart said \$1.9 million. President Sharp noted that this item should have been scheduled after the budget item because things have continued to worsen so badly since TMVOA's meeting in February. President Sharp asked Erin Neer if she was prepared to give a number at the end of 2010 for TMVOA's reserves. Ms. Neer said that she estimates that TMVOA's reserve will be down to \$5.2 million, which is barely above the reserve requirements recommended. President Sharp said he does not doubt the good that TMRAO is doing, but noted that TMVOA is in a pinch. He asked Scott Stewart to explain their reserve requirements. Scott Stewart said the reserve policy is critical. If caps are not met, TMRAO is paying the full amount. TMRAO has a general policy that is 1.5 times the annual cap exposure. This is strategic; because it isn't likely there will be more than two or three bad years in a row. He feels it is important to keep air service at the same level as last year. He added that Gunnison is dropping service after adding service and then visitors do not know what to expect. By maintaining the same level of service they can grab more of the market share. However, in order to maintain the same level of service, the cap exposure went up about \$300,000. President Sharp said making a guarantee to an airline does not mean much if there is not a large balance in the bank. Scott Stewart confirmed and added that they have not had to produce a letter of credit in several years because when they have to pay an airline they pay on time. He said that he recently visited United, and showed the structure of support, which provided the airline with comfort. Director Greenspan said it sounds like TMRAO is in the same boat TMVOA is in, pay attention mode. Director Greenspan added that looking at the agenda there are other requests for money related to providing visitors with great service. Director Greenspan said it is a big struggle between getting people here and then not being able to provide amenities they are looking for. Scott Stewart said he understands, but his argument is to invest in getting people here in the first place. Mr. Stewart said there is room to increase by 3,000-4,000 people coming into to Telluride with significant marketing effort. Director Volponi asked what TMRAO's total marketing budget is. Mr. Stewart said this summer they increased the marketing budget to \$200,000. They are seeing very good results. They are 6.5% up for the whole summer on pace. He said June is up 14.5%, and May was up 10%. They expect a good summer. Director Volponi asked if they had any influence over ticket price for the upcoming winter.

Scott Stewart said Telluride is competitive. TMRAO has some influence, but not a lot. President Sharp asked what would happen in TMVOA does not reinstate the \$45,000 in funding. Mr. Stewart explained that TMRAO has approved 550,000 in marketing efforts for the winter, which is based on the TMVOA funds. He said if they did not receive the funds he would have to go back to the board to discuss their options. President Sharp asked if there is any public comment. Brian Eaton, a public representative, supports the funding and said he does not feel there is enough funding in the Phoenix region. He said things should improve with the new runway. Meanwhile, Mr. Eaton said that he hears a lot of requests for the summer service and want to encourage TMRAO to bring service back for the summer months. President Sharp asked to keep the conversation to the budget. Richard Child said it is important to create a more bustling economy here with more full time residents. He said that he feels airlines should provide air service and preferential pricing to make it less costly for people who live here and have to travel for work. Director Greenspan said he is looking at it as TMVOA reserves vs. TMRAO reserves, which is tricky. He said it's a matter of whose reserves are dropping faster and who is going to recover faster. He understands how important every dime is in the TMRAO program. Director Volponi clarified that the increase would be \$50,000. He thinks it's necessary to get people here and that it affects the whole economy. One reason this was cut at the last meeting is because there was no one there to discuss it. He said that he supports the funding. Director Volponi **MOTIONED** to approve the original funding. Director Greenspan asked if they could do it incrementally. Stephanie Fanos said that the board can postpone the item. Erin Neer clarified that TMVOA can structure the funding any way that the board decides. President Sharp said there is a motion on the floor. He asked if there was a second. There was no response. Director Riley said he, Director Zemke and Director Proteau are conflicted as well since TSG funds TMRAO. Director Greenspan asked when the full gear marketing begins. Scott Stewart said by the end of August/early September. He said the process is different this year as MTI, TSG, and Montrose BCB are involved as well. President Sharp suggested delaying the vote on this topic until the board has been brought up to date on the budget. Erin Neer suggested moving the item to 9.c. Director Greenspan **MOTIONED** to move the item. Director Volponi seconded the motion and the motion passed unanimously.

- 5) **Update from Town of Mountain Village on Dial A Ride** – Chris Colter and Greg Sparks presented. Greg Sparks told the board that this report has also been presented to Town Council. Stephanie Fanos clarified that there is no action item. Mr. Sparks said Town Council had approved cutbacks. In the beginning of 2009 Dial a Ride operated with one less driver per shift. During peak times, the Town pulled staff from other departments to staff Dial a Ride. The Town did cut back in March, and make additional budget cuts. Mr. Sparks said after additional budget cuts Town Council had to look at all services provided. He knows Dial A Ride is a valued service, but there is not a charge for the service. The funds come from the general fund, which consists of property tax, sales tax, etc. The Town eliminated the service for spring and fall off seasons in 2009 in order to save money. Chris Colter presented Town Council with various options such as charging a fee for use, increase in property tax, put on utilities bills. He said at this point the Council did not want to pursue doing that, and has instead made additional cost reductions seasonally. He added that Dial a Ride will not be available in the off seasons. Chris Colter added that the calls for the service are extremely low in the off seasons to begin with. Director Zemke commended them on their report, saying it was very detailed and very thorough. He asked about shutting off the “miracle mile”. He also asked about the deviated fixed route service. Chris Colter said they are working out the details, but that there will be a fixed route (between Town Hall and the Meadows). If service is requested in other places, the bus will leave the route to pickup that person in their driveway. Director Zemke asked about blocks of time heightened services and dead time for Dial a Ride. Chris Colter said there are different spikes for Dial a Ride in the morning, afternoon, and evening. He added that there will be an overlap between traditional Dial a Ride and the deviated bus route during peak times if necessary. Mr. Colter asked Erin Neer if there was any other information needed. Miss Neer said that Director Sweet had requested the report. Director

Sweet asked if there was a request for funding from TMVOA at this point, or if this was just an update. Director Proteau asked how the Town came to the assumption that people did not use Dial A Ride as much because they anticipated longer wait times. Chris Colter said he didn't have firm answers to that but was looking for possible explanations, adding that the downturn in the economy played a role. President Sharp asked if there were questions or input from the public. President Sharp went on to say, one issue is that Director Sweet thought TMVOA would be approached for funding. Director Sweet confirmed and added that he feels it is important to be part of the solution to providing quality service to the TMVOA membership. President Sharp complimented Chris Colter on the report.

- 6) **Consideration of Gondola Operating Schedule for April, 2010** – Stephanie Fanos asked for clarification as to whether the Town was seeking to have the April 2010 gondola schedule approved at this meeting. Chris Colter responded that they are not seeking approval. He added that the Town was asked to look into whether or not extending the gondola schedule would be possible based upon the maintenance schedule, etc and Town staff found that this is possible. Stephanie Fanos said that the operating schedule is the basis for budget of gondola and because the Town, TSG, and TMVOA govern the scheduling process Director Greenspan and the three TSG board members would be recused. However, as it is a discussion item, and there will be no vote, they can discuss. Erin Neer said that this item came up at the merchant meeting and it seemed that TSG was trying to determine their ski area operating schedule by August in order to do some marketing. She added that knowing the gondola schedule would help in that marketing. Ms. Neer said she feels TSG is looking for a decision in order to move forward with their marketing plan. Stephanie Fanos asked if the Town was in position to make a decision. Chris Colter said he didn't think so. He added that he would prefer to operate the gondola from 11am to 6pm and not to operate section three of the gondola for maintenance purposes. Stephanie Fanos asked if TSG was looking for a decision at this meeting. Director Riley said that TSG ran lifts 7 and 9 last spring. He said he received a call from Chris Colter saying that these lifts do not connect well with Mountain Village and asking if TSG would manage terrain on Mountain Village side if the gondola were running. Mr. Riley said there are several options, including not running the Gondola, which is what happened last year. TSG wants to know what is going on. He said the sooner they can communicate what is going to happen in the spring, the better. They did find a way to make running lifts 7 and 9 work without the gondola last year. TSG can wait on a decision. Chris Colter said this turns into a circular conversation and the Town of Mountain Village will run the gondola if TMVOA can fund it. Stephanie Fanos clarified the conflict of interest, if the recused participate in discussion that results in a decision, the decision could be compromised. President Sharp asked if keeping lifts 7 and 9 open was profitable for TSG. Director Riley said it was a break-even situation. He added that year round staff operated lifts, groomed terrain, etc. He said he was happy with results because the community was happy. Director Riley said he felt they could have gotten more regional traffic if they could have communicated the decision earlier. He thinks TSG can make it work without losing money. Director Greenspan said that TMVOA, with help from the county and the Town of Telluride, has funded the gondola for two weeks on either side of the ski season in the past as an experiment. He added that conferences could be better held on shoulder seasons if the gondola was running. President Sharp asked how Mountain Village was affected if only lifts 7 & 9 open. Director Riley said it did not affect Mountain Village. He added that if the gondola runs, TSG would groom Mountain Village runs, if the gondola does not run, they would not. He said he is not advocating one way or the other. Chris Colter said there would be no additional staff costs because the Town would use year round staff for the gondola. The additional cost would be energy related only. Mr. Colter advised the board that if they decide to fund the extra gondola hours next year that they should move forward on a year to year basis rather than assuming that the gondola will run for additional hours every year. President Sharp asked if there were comments from the public. Penelope Gleason said she wanted to reiterate the enthusiasm from Mountain Village businesses. She said with a heads up the businesses could band together with marketing. She said they would work

with whatever works in terms of hours. She said in the past there was financial involvement from town of Telluride. She added that the fall extension last time a lot more expensive and the cost seems more reasonable now. President Sharp asked if a vote was scheduled for the next meeting (in August) would that allow enough time for planning. Director Riley said yes. Director Volponi said the sooner the schedule is known, the sooner everyone can begin marketing and that he believes there is interest in spring skiing. Erin Neer said another thing to note is the proposal of closing gondola at 6pm. She said it would be an opportunity to really capture visitors in the Village. Chris Colter said Mountain Film is one week later next year than this year, which would result savings due to the gondola opening date. President Sharp asked that this item be added to the agenda for the next meeting. Stephanie Fanos asked if he would like the board to decide on the entire extension and the operating schedule. Chris Colter said that the schedule determines the budget. Director Greenspan said that it would be nice to run the gondola one week before ski season and one week after ski season. Director Riley said the last day of the ski season (full operation) is currently set for April 4<sup>th</sup>. Chris Colter suggested taking this up at a committee level. President Sharp said that they should make a point of doing that between now and TMVOA's next meeting.

- 7) **Strategic Budget Discussion** – Erin Neer summarized the sub agenda items and memos before she presented and stated that the items would lead the board through a process of understanding the budget and projections for the future.

- a. **Presentation of Budgetary Financial Statements through May 31, 2009** – Erin Neer began by saying that through May 31<sup>st</sup>, TMVOA's revenues are short by \$950,000. Operating expenditures were \$45,000 over budget, while non-recurring expenditures were \$41,000 under budget. The revenue variance primarily stems from RETA. There is also a significant variance in investment earnings due to drawing down reserves in addition to the current earnings rates. Percentage rental income from the Market is also down by about \$65,000. Through May, RETA income is off by 50%, a total of \$900,000. Page 2 of the Financial Statement memo provides the details of the monthly RETA activity and displays the variances in every month. She noted that RETA budget was met in March. She added that April is traditionally the best month for RETA revenues but in 2009 RETA was off budget by more than \$300,000. At the time this memo was written, TMVOA had received \$1,200 in RETA for the month of June. There was one property that closed this week and Ms. Neer is expecting one more property to sell by the end of the month. She is expecting a RETA shortfall of \$95,000 for the month of June. For July, there are 2 potential transactions that could bring in approximately \$250,000. Ms. Neer is expecting at least a \$150,000 variance if no other properties close. Ms. Neer explained the RETA tracking and how each month stacks up against previous years. She then explained RETA activity by type of property. The fractional properties are holding their own. A few single family homes have sold, which yield a higher RETA return. Condominium sales are way behind in comparison to prior years. She noted that for sales in January-April, the condominiums and fractional properties were the only transactions that closed. However, since April these sales have slowed and the 3 or 4 single family homes have carried TMVOA's RETA revenues. Ms. Neer asked if there were any questions regarding revenues.

Ms. Neer went on to report TMVOA's expenditures. She said that TMVOA has had a \$50,000 variance in Operating Expenditures. She explained the primary causes of this variance. The first of which is the investment advisory fees, based upon TMVOA's portfolio value. Ms. Neer explained that she had expected to draw funds for the 50/51 projects in January, but only recently drew these funds. The investment advisory fees have exceeded budget by \$13,000. Audit fees exceeded budget by \$4,000 due to the increased time required for contract review during the

audit; this review had not been anticipated by the auditors in their quote to TMVOA. Insurance cost exceeded budget by \$18,000 because TMVOA's 2008 insurance costs were understated, causing the 2009 budget to also be understated. The reason for this was that general liability insurance costs for 2008 were expensed in 2007. The 2009 insurance costs now reflect TMVOA's actual annual costs and TMVOA will budget accordingly in 2010. HOA dues for the Town Hall complex exceeded budget because they had not been calculated until 2009 at which time all of the costs since 2007 were fully known and expensed accordingly. TMVOA took over the bookkeeping for MVCOA from the Town of Mountain Village in January and expect TMVOA's annual dues to be \$15,000 per year going forward.

Erin Neer then provided an overview of all administration costs. She highlighted TMVOA administration staff functions including: finance, legal and contractual needs as well as overseeing events and contract management for every program TMVOA does. Staff has spent a lot of time managing costs. She said that she is proud to inform the board that staff has secured over \$160,000 in event sponsorships this year, far surpassing the \$15,000 in sponsorships collected in 2008. She thanked partners Capella and Peaks for joining and partnering with TMVOA on this year's events. She provided a breakdown of TMVOA's administrative budget, which totals approximately \$650,000 or 8% of TMVOA's total expenditures. 41% of the administrative cost is employee costs, including taxes and benefits. Professional services make up 33% of the administrative budget and include legal services, audit fees, and investment advisory fees. Facility expenses, including HOA dues, utilities, insurance, and property taxes make up 18% of this budget. General expenses, including technical costs, software fees, and general supplies make up the remaining 8% of this budget.

TMVOA's gondola operations and maintenance costs are in line to date. However, at the time the budget was adopted by the board at in December 2008, the gondola budget had not yet been adopted by the Town of Mountain Village. At this time the budget needs to be increased by \$140,000 to agree with the budget agreed to by the Gondola committee with the Town of Mountain Village in the 2009 Gondola Budget Agreement.

Ms. Neer explained that the TMVOA events budget includes events that TMVOA produces in house, such as Sunset Concert Series, Red White and Blues, Telluride Festival of the Arts. Through May, TMVOA has spent \$419,000 on events and are 2% under budget; staff expects this savings to grow with the help of sponsorships. In addition, \$360,000 was cut from the events budget during the budget process. Staff is excited for the summer event lineup as there are over 50 events scheduled this summer and that there are more days with an event scheduled than not. Most of these events are free to the public and are receiving great response and creating activity in the Core.

Ms. Neer reported that staff has put together a member communications update so that the board can see all of the collateral that TMVOA has sent out to the community via press releases and articles. She highlighted the coverage that TMVOA has received on the western slope through articles, which brings in the regional market. Staff has seen a lot of interest via phone calls directly related to these articles. TMVOA has spent \$51,000 to date in member communications, which is a significant decrease from the prior year and in line with the budget. In 2009, TMVOA was able to reduce the member communications budget by \$82,000 (32%) by hiring an in house Communications Director and by a close review of the previous year's budget. Ms. Neer said that staff is doing more regional marketing as well as more outreach to TMVOA members. The

goals of member outreach are to educate TMVOA members about what TMVOA does as well as to target members as another market in this year's economy. TMVOA has been offering its members special discounts on events that TMVOA sponsors and events that TMVOA produces in hopes that members will come spend more time in Telluride/Mountain Village this summer.

TMVOA just made its first 2009 debt service payment on the gondola bonds of \$23,000. The payment was made in May and was expected in the budget.

Erin Neer then explained the non-recurring expenditures to date. She began with Guest Services, which is \$41,000 below budget due to the elimination of certain new programs. Staff continues to work closely with MTI and expects another \$25,000 in savings by the end of the year. Affordable housing expenditures include HOA dues on the Lawson Hill lot that TMVOA owns. TMVOA paid property taxes for this lot in 2007 and 2008. Stephanie Fanos was able to successfully dispute these taxes due to the purposes that the lot is owned and TMVOA has been rebated these taxes and no longer owes taxes for this property. Total Economic Development Grants were \$101,000, and were comparable to budget. These grants were awarded to entities that create vitality and economic sustainability in the Mountain Village core (per the grant making policy adopted in the fall of 2008). Charitable contributions totaling \$93,000 have been distributed and these contributions were based on the new grant making policy of 2008, allowing TMVOA to reduce the awards given by \$200,000. To date, TMVOA has spent \$45,000 on regional marketing through MTI. TMVOA has spent \$50,000 to date on master planning associated with the completion of the Core Revitalization Plan. TMVOA has spent \$21,000 on the Gondola Study. TMVOA has spent \$15,000 in extraordinary legal costs associated with the special election and tax exempt compliance. TMVOA has spent \$36,000 in Gondola Non Recurring Funding towards the bullwheel replacement that took place in the spring of 2009.

The actual financial statement is displayed on page 7 of the memo. The actual year to date loss is \$855,000, whereas TMVOA has budgeted to make \$98,000 through May 31<sup>st</sup> creating a budget shortfall of \$950,000, which is primarily due to revenues. The annual adopted budget and the revised budget are included in this exhibit as well. Ms. Neer summarized each of the budget revisions that have been made to date. She then asked if anyone had questions. Director Zemke observed the total administrative budget for the year is \$650,000. He said that other organizations such as the Town of Mountain Village have been taking a close look at administrative costs and asked where TMVOA is in regards to staffing expenses. He added that TMVOA's legal costs were \$218,000. He asked what steps TMVOA staff is taking to reduce these administrative and legal costs. Erin Neer first explained that the professional fees include other fees such as audit fees and investment advisory fees in addition to TMVOA's legal fees. She went on to explain that TMVOA made many reductions going into the 2009 fiscal year. TMVOA did not hire an administrative assistant that they could really use. TMVOA is producing the events and all of the administrative responsibilities with a four member staff in house. She added that staff is looking at every line item in the budget closely and has focused on finding sponsorships; Brianne Hovey has been focusing on collections. Staff is working on making sure that every dollar comes in and that TMVOA can reduce costs with more intense staff labor and involvement. Another reduction that took place in advance of the 2009 budget is that TMVOA has reduced event contract labor and has absorbed functions amongst internal staff. TMVOA has also saved quite a bit of money by shifting from an outside marketing firm to an in house Communications Director. Director Zemke said that Ms. Neer answered his question and then congratulated her on the increase in sponsorships and said this was a great accomplishment.

Director Sweet explained that last year's board was proactive instead of reactive in preparing the 2009 budget. President Sharp added that everyone last year agreed to forego raises. Erin Neer asked board to review page 6 of the 2010 Strategic Budget Memo and reviewed all efforts from last winter in cost reductions including: \$213,000 savings in hiring an in house Communications Director, \$41,000 savings in reducing event contract labor, \$66,000 savings in no filling an administrative assistant position, \$17,000 savings in employees agreeing to forego wage increases, \$25,000 savings in refining member communications budget to more effective use of funds, \$163,000 savings in refining events budget, \$90,000 savings in establishing an economic development grant evaluation policy, and \$203,000 savings in establishing a charitable donations policy. Director Zemke asked about the legal cost of the special election and where this expense is accounted. Erin Neer responded that the special election is a different line item and that the extraordinary legal costs for the election will not exceed additional legal budgeted in the Non-Recurring section of the budget. She added that the entire \$15,000 expensed to extraordinary legal was not committed to the special election, but also includes tax compliance. President Sharp said that with the increase compliance that TMVOA is forced to go through that the budget is probably okay for this year, but asked about future years. Stephanie Fanos explained that these fees doubled this year from form 990 alone. Erin Neer explained that the Audit fees would have been \$8,000-\$10,000 over budget, but the auditors split cost of the form 990 and did not charge for their visit to Mountain Village. Stephanie Fanos added that TMVOA has a 3 year contract negotiated with the auditors, including rates. She said that after next year, TMVOA will have to change auditors according to IRS recommendations. Member Richard Child thanked TMVOA for their diligence in managing the budget. He added a special thanks to staff for foregoing their wage increase. Director Sweet asked about potential sources of revenue down the road and referenced that the 3% transfer assessment may not be a reliable revenue stream. He said that he is glad to have all of this budget information now, before the next budget season. He commented that he is not aware of any attempts to save a reserve for a replacement gondola. President Sharp said that information is included in material that Erin Neer was about to present. Director Volponi asked about revenue projections and alternative revenue streams. Erin Neer explained that she will touch on these subjects later in the agenda.

Don Orr said that Town Council and the Planning Study are always focusing on the vitality of the core. He noted that the second biggest expense item for TMVOA is events and he asked if there is any evidence of payback on money spent on events. Erin Neer said that staff tries to calculate the return on investment for each event based on the number of attendees. There are other formulas that can be used with data received from the merchants to calculate the return on investment. Ms. Neer added that this data has not been included in this particular budget update, but that they will be included in future reports. She said that it is challenging to get solid number with these formulas. Staff is trying to get more solid numbers through participation of the merchants. Don Orr then asked why it is difficult to get the merchants participation if they are the beneficiary and suggested that staff could strongly demand the information from merchants. President Sharp said that this item is top on his agenda and that he is working with staff and speaking with outside people. He said that the process for acquiring this information is imperfect, but that he is personally working hard on it. He said that later in the discussion, the board will speak about prioritization, of what TMVOA should be doing. Discussion followed regarding the process of collecting ROI data. Some corporations are not allowed to hand out this data. Other entities, bankers have said that the cash machines spike quite a bit when TMVOA holds events, but are not allowed to provide exact data. Staff and President sharp have been discussing data collection with MTI and other third party providers. Erin Neer explained that

survey forms are submitted to merchants after every event. After the last event, TMVOA received two surveys back. Director Greenspan said that he stayed and checked all bars and restaurants after Sunset Concert Series. He said that he is open to suggestions as to how to calculate the return on investment. President Sharp, Director Greenspan, and the Mountain Village Police each came up with different numbers in their estimate of the number of people attending the last concert. Director Sweet said that TMVOA is monitoring what is occurring and the impact that these events have on the vitality of the Mountain Village. He mentioned that the quality of life is affected for not just people who live there, but potential buyers as well. He said that TMVOA should be careful to do things to make Mountain Village a vibrant place. Director Zemke said that he agrees somewhat with what Don is saying that there has to be a quantifiable statistic for the return on investment such as the change in % of sales (Compare for example Tues vs. Wed). Director Sweet said that the statistic has to be a macro number not a micro number and that the business owners have legitimate privacy concerns. Director Zemke said that the community has a right to see some ROI. Director Greenspan asked about a potential sales tax report that may display spikes in revenues without jeopardizing the privacy of the businesses. Director Volponi said that he notices a tremendous difference in the core during events. He added that people have really stepped up to the plate as far as sponsorships are concerned. Something is working for businesses as they are putting their money down to keep the events. Chris Cox from Wells Fargo bank said that they notice about a 10% increase in money drawn from their ATM. He noted that it is hard to track, many people get money in town before coming up. He said that they notice an 80% increase bluegrass weekend. Penelope Gleason said that TMVOA staff works very hard to get ROI. She had a very in depth meeting with TMVOA staff and Scott Leigh. Mr. Leigh said that he cannot give away this data; he is restricted by the corporation. Penelope Gleason said that she has made up her own charts and spreadsheets to show patterns without giving proprietary information. The second aspect is doing this without having to hire another person as it is time consuming. She said that the Sunset Concert Series does not do anything for her business as they are closed. However, she would never want the concerts to stop because she needs the surrounding businesses to succeed. She cautioned TMVOA against thinking that an event should be eliminated and suggested scaling back rather than eliminating something. Don Orr said that his background includes 30 years in business and before that he was an engineer. He thinks quantitatively. He said that none of the merchants are in business for the hell of it, they have to quantify. He asked the board to make a strong effort to quantify the return on their investment. Penelope Gleason said that she has noticed that some of the grants and smaller things that TMVOA has helped fund such as the Fireside chats, astronomy series, and pinhead talks often have had higher return for her business. People come in early and wander around a bit more.

- b. **Presentation of Balance Sheet and Discussion on Collection Efforts** - Erin Neer said that the balance sheet presented is as of May 31<sup>st</sup>. She noted that TMVOA's working capital has decreased in the amount of \$850,000 due to cash draw downs to meet budget demands. Receivables have declined quite a bit due to reduced RETA transactions in comparison to those outstanding at year end. Staff is working on collections of delinquent accounts and is using the collection procedures approved by the board last year to follow up on each of these accounts. Ms. Neer reported that staff has collected on 86 past due accounts, with a total collections of over \$30,000 (20% of the past due balance). She said that the total amount past due as of last week was \$118,000, of which staff has filed liens on \$92,000. President Sharp added that once a property goes into foreclosure, only the last 6 months worth of unpaid assessments can be collected. Stephanie Fanos explained that CIOA provides a super lien, which means that

TMVOA's lien holds priority over other liens except for 1<sup>st</sup> lien holders, but then TMVOA can only collect 6 months worth of unpaid dues. Once a property gets to the point of foreclosure, they are often more than 6 months behind and it can sometimes take more than a year to collect this amount. She added that almost every HOA in the region is experiencing this same problem due to the local impact of foreclosures and past due accounts. President Sharp said that a lot of people thought Telluride could be exempt from these problems, but unfortunately it is not. He then asked for any comments or questions. Director Sweet said that with the challenges in RETA, TMVOA needs to invest in policies and procedures to keep TMVOA ahead of the curve. He appreciates what staff is doing. Stephanie Fanos said that with the procedures in place, staff is finding that changes will be necessary in order to make them work better. She added that RETA exemption requirements may need to change as well.

- c. **Discussion of 2010 Preliminary Budget Projections** – Erin Neer explained that this memo goes through the financial outlook through the end of next year. She explained that on page two of the 2010 Budget Strategy Discussion Memo, she has shown where she expects TMVOA to end up at the end of 2009 vs. the budget. She then used the current revenue performance and assumed similar expenditures if TMVOA does not make any programming changes to show what would happen to TMVOA's reserve levels by the end of 2010. For 2009, Ms. Neer estimated a variance close to \$2 million in RETA. This will bring un-restricted reserves down to \$8.1 million, creating a loss of \$4.7 million by the end of the year. Continuing with these revenue and expenditure trends, TMVOA would be down to \$5.2 million in reserves and experience another \$3.3 million loss next year. Ms. Neer also has made several reserve requirement estimates. The first is an amount of \$500,000 based upon the reserve policy already adopted by the board as recommended by the auditors. She explained that this reserve is a pledge on the Village Court Apartment (VCA) debt. Based upon the bond document language, the auditors recommended building a \$2 million reserve for this debt if anything were to happen (\$500,000 each year for 4 years). Page 3 of the memo provides a full discussion of the minimum annual reserve funding requirements. The first of which is regarding the buildings owned by TMVOA including: 1/3 of the facilities at Town Hall, the grocery store, the building adjacent to the gondola, and the Blue Mesa building. She used all of the industry standards to calculate the necessary reserves for all of the components of each building including tiles, metal roofs, carpeting and painting to keep them in good working condition. She noted that there are several large issues related to the Blue Mesa Building and Garage that TMVOA does not yet know the cost of, she said that the cost could be significant as TMVOA owns 51% of units. The Gondola reserve requirements are based on keeping the gondola in good working condition through TMVOA's 2027 obligation. The Gondola reserve numbers are based upon the Parametrix report that the board approved in April 2009. Ms. Neer added that the reserve requirements are also based upon the assumption that TMVOA would earn interest upon these reserves once they are set up. Erin Neer recommended \$4.7 million in total reserves to meet all requirements. She asked the board if they had any questions on her approach or philosophy.

Director Riley asked if TMVOA owns the gatehouse and whether or not Ms. Neer has looked into cost of maintenance for this structure. Erin Neer said that she is getting quotes on this maintenance right now and is working with the Town. Director Riley asked if TMVOA owns 50% of the Blue Mesa building. Erin Neer confirmed. Director Riley asked what TMVOA's 50% includes. Stephanie Fanos and Erin Neer explained that TMVOA owns the entire first floor (approximately 6,000 sq. ft.). Director Riley asked if TMVOA needs to own that or not and elaborated that staff should consider the rental income, carrying costs, etc. If board agrees, he

would like staff to look into this issue. President Sharp agreed with Director Riley. Erin Neer said that 3 of TMVOA's tenants are expected to move out in the next 3 months as well.

President Sharp asked everyone to redirect to page 2 of the memo and the net unreserved working capital of \$504,204. If that happens, TMVOA still has certain obligations they are required to meet. TMVOA is legally responsible for keeping the Gondola running. He added that TMVOA needs to begin looking at their income options. Erin Neer agreed that TMVOA needs to look at alternatives and added that TMVOA's primary source of revenue is still RETA. TMVOA's governing documents do allow for some alternative options that can be pursued. Ms. Neer added that TMVOA would need to consider the membership impact of some of these options and which membership sector would be carrying the burden. On page 5 of her memo, she provides a Revenue Option Chart of many alternate sources of revenue that TMVOA is able to pursue based on the governing documents: Civic Assessment, Mountain Civic Assessment, Local Improvement Assessments, Lodging Assessment, Recreation Assessment, Increase Current Assessment Rate, and Special Assessment. Ms. Neer explained each of these options and what the board would need to consider enacting each option. Stephanie Fanos suggested that the board look very closely at the governing documents and how the special assessments are defined. Special Assessments are reserved for emergency only, or they can be improvement based. TMVOA has an obligation to assess a Special Assessment if TMVOA cannot afford to fund the Gondola. Don Orr said that he has not been to Town Council in a couple of months, but that he assumes the Town has to be looking at similar options to increase revenues. He asked if this effort would need to be made in conjunction with the town. Director Greenspan confirmed that preferably it would. Erin Neer said that she works a lot with Kevin Swain and Greg Sparks from the Town of Mountain Village and that they are communicating especially at a staff level. Don Orr then asked if some of these options are available to the Town. Stephanie Fanos replied that the civic assessments discussed are an association equivalent for a sales tax. TMVOA used to collect civic assessments until the Town incorporated and Town started collecting sales tax. TMVOA stopped collecting civic assessments at this time. She elaborated with the history of the Metro District and the merging of the Metro District into the Town and clarified that with that merger, the Town began retaining sales taxes and also the obligations to pay certain things TMVOA used to fund like the Conference Center subsidy and property maintenance. President Sharp asked Director Sweet if he had a comment. Director Sweet asked that TMVOA coordinate as best as it can with the Town of Mountain Village. Director Riley asked if there is a difference between increasing the assessment rate and imposing a Special Assessment. Stephanie Fanos and Erin Neer confirmed. Director Riley asked if Beaver Creek is incorporated. Ms. Fanos and Ms. Neer said that Beaver Creek is not incorporated. Director Proteau asked if RETA comes back, if TMVOA could remove any Special Assessments. Stephanie Fanos suggested a solution of amending the Declaration that would provide the board with the authority of changing the assessment rate. President Sharp asked for any further questions or comments. Pete Mitchell asked if TSG would contribute to some of these costs, suggesting that they benefit from Gondola. Director Riley asked if Pete's question was directed at him. Pete Mitchell replied that it was directed at anyone on the board. Director Riley then replied that it is premature to ask this of TSG since TMVOA has not yet discussed all of the possibilities. Stephanie Fanos clarified the procedures for amendments to the Declaration and that amendments can be made by the board. She added that CIOA has begun changing some of these procedures. President Sharp reminded everyone that the purpose of this report is to keep awareness of where TMVOA stands.

- d. **Prioritization of TMVOA Resources** – President Sharp said that he wanted to address this issue. He said that whether or not TMVOA has the funds to do all of the things that TMVOA has done in the past, that he would like input from the members. He quoted the language from the General Declarations that the “Metro Services was formed to perform certain functions and to hold and manage certain property for the common benefit of some of all Owners or Lessees within the Telluride Mountain Village and with respect to Functions undertaken and Facilities held by Metro Services. Metro Services may perform all tasks and functions whether or not specifically set forth herein which it deems necessary to foster and preserve the health, safety and welfare of persons in the Telluride Mountain Village, preserve property, property rights and property values and to maintain the Telluride Mountain Village as a pleasant and desirable environment for all persons residing, visiting or doing business therein.” He said that this is the general mandate that everything that TMVOA has funded in the past comes from. He added that TMVOA is going to be forced to prioritize, even if the economy partially comes back. Director Greenspan said that this drill is important to help identify what direction TMVOA wants to go on and what track TMVOA wants to be on. He added that TMVOA should do this with as much input as possible from membership. Director Sweet said that he sees a 2 part scenario; there are wonderful things to be a part of such as the airline guarantee program and that TMVOA needs to be careful not to go above and beyond their share in the funding. He said that he would like to build into stabilizing and getting these other organizations to run on their own. President Sharp said that he agrees whole heartedly with this approach. Director Proteau asked about developing current strategic planning documents. President Sharp said that he would like the board to sit down and record priorities. The first would be the Gondola and after that, the board needs to decide if economic development is the next priority, or if events and entertainment should be the next priority, etc. The goal of arriving at these priorities is to simplify the budget process. Director Volponi said that he sees a great value to the events that TMVOA produces. He sees that they are a great support to lodging, merchants, and residents. He suggested trying to make them self sustaining so that in the future, TMVOA can take funds to make new events. He added that TMVOA should look at getting away from constantly funding by getting more partners and making these events more beneficial to everyone. President Sharp said that he agrees. Director Riley asked the board to regard TMVOA as if it were a business and go through the process of identifying things that are absolutely necessary and what is discretionary. He added that a lot of things that TMVOA chooses to do that TMVOA does not have to do. He said that for 20 years TMVOA has been riding the real estate and construction wave. He expressed his concern from a strategic point of view regarding an economic model that is sustainable in the long term. He noted that over the past few years TMVOA has not had to ask hard questions. He said that he’d like to seek certainty in understanding an economic model that will work in Mountain Village as this is a sneak preview of build out. From a leadership and strategic point of view, Director Riley asked the board to focus on short term and cash flow now, then keep eye of model for the long run. Erin Neer referred the board to page 8 of her strategic budget memo where this exercise has been done; TMVOA has \$4,477,427 total annual obligations. These obligations include the Gondola, accounting compliance, other agency compliance such as the IRS and CIOA, as well as asset management. Don Orr said that he agrees with Director Riley regarding prioritization and pointed out that there is another entity going through same kind of thing, the Town of Mountain Village. He added that coordination and communication more vital than ever. He said that he realizes that efforts to coordinate and communicate, but from an observer standpoint, does not seem to be enough. President Sharp said that the various entities recognize this, pulling them together is a monstrous task. When TMVOA had more money than it knew what to do with, they could write large checks. Director Riley added that he does not agree \$4.5 million is really the

total of TMVOA's annual obligations. He said that he thinks that he could probably find more money in this budget and asked the board and staff to take a good look at that. Erin Neer responded that her memo was based on 2009 budget. Director Riley asked what the members want; is it more important to have the Gondola running until midnight or face a special assessment? He said that he hopes for more input from the membership. Director Sweet observed that the Gondola could run from 7am to 6pm and give the Town of Telluride the option to fund it later. President Sharp brought the discussion item to close and said that this agenda item was intended to open discussion and put everyone on notice as to the options available.

- 8) **Consideration of Additional Services from Ecosign on Core Revitalization Report** – President Sharp said that this is a request from Director Riley. Director Riley said that the letter that he wrote is self explanatory. He added that there is a need for specific data that will explain what the gaps are that are preventing a sustainable economy in Mountain Village. He explained that the two reports commissioned and received do not get down to saying: “this is what you need”. He added that it would be very helpful to the Town of Mountain Village and the 15 year taskforce if the consultant hired would cut to the chase and make specific recommendations. He said that he would like to authorize President Sharp to call Paul Mathews and request him to narrow down the results. Director Riley added that the information could be included in an expansion of the summary. He said that TMVOA has already spent a lot of money and that he would like this to happen. President Sharp said that he is not in favor of authorizing additional work. President Sharp noted that none of the numbers were derived directly by Ecosign; they were derived from 3<sup>rd</sup> party data by EPS and even MTI. He said that the data is based on assumptions and rules of thumb and are not necessarily statistically relevant. He said that he has contacted EPS and Brian Duffaney indicated that he has a cautious perspective on the use of the data and said that there are some variables that make these numbers imperfect because they are qualitative. The range of data is manipulation of numbers, not numbers to take to the bank because the numbers are not based on hard statistical, relevant data. Director Riley remarked that it is totally within TMVOA's responsibility to ask for specific recommendations to get a clear idea of what to do to create a sustainable village on a long term basis. He asked what is wrong with going back to the consultant that TMVOA spent a lot of money with and requesting them to narrow down their results. He said that he is not suggesting that TMVOA should add an expenditure. Director Greenspan said that there is an interesting comprehensive plan going on right now and added that the chairman could make this request. He conceded that maybe Ecosign would want to do this for free. President Sharp said that he does not have a problem with this request if TMVOA gets the information for free; he does not see the sense in spending more money. He added that he has a problem going back and massaging data that does not have statistical significance. Director Riley said that if the board is not happy with the result of the executive summary and since TMVOA hired Ecosign, TMVOA should ask them to fix it. Director Proteau said that he thought this was discussed at the April 1<sup>st</sup> meeting. Director Greenspan said that he has a problem with the process as the board voted to approve report and sent the report to comprehensive plan. Director Zemke said that making a change and amending an executive summary should not be too difficult. He added that if Ecosign can provide a clear and more concise executive summary that TMVOA should request this. If Ecosign cannot provide this for free, they can tell TMVOA what the cost would be and added that they have an obligation to provide good product. Discussion followed regarding the details of the data and of the original agreement between Ecosign and TMVOA. Erin Neer mentioned that re-printing the reports would cost \$2,000. Nancy Orr asked what the purpose of having Paul Mathews come for a presentation. Jeffrey Fasolo asked if he could make the presentation via conference call instead of in person to cut back on the expense of having him come to Mountain Village. Discussion followed. President Sharp explained that in this case it would be best to have Paul Mathews make his presentation in person. Cath Jett said that she agrees with Director Riley and said that she found a lot of the data to be contradictory. She asked the board to remember that the Town hired a consultant as

well. She then warned the board that often times you can get a consultant to tell you exactly what you want to hear, which often is not beneficial for anyone. Director Zemke made a **MOTION** that TMVOA recommend the Ecosign staff and Paul Matthews to make revisions to the executive summary report without doing additional research, to refine current existing data as it stands, so that TMVOA can have a clear and more concise understanding of the target goals and reachable recommendations that the Town of Mountain Village can use, at no additional cost. He added that Mr. Mathews should present this information in a supplemental handout or addendum to be given at the time of the presentation. Director Proteau seconded the motion and the motion passed unanimously.

- 9) **Consideration of 2009 Budget Amendments** – Director Zemke made a **MOTION** to move to item 10c first, followed by items 10a and 10b. Director Greenspan seconded the motion and the motion passed unanimously.
- a. **TMRAO** – President Sharp asked the board to make a decision to fund or not to fund the remaining \$50,000 to TMRAO. Director Volponi made a **MOTION** to restore funding of the additional \$50,000 previously cut from the budget. President Sharp seconded the motion. He added that things are tight, but since TMVOA made a commitment that TMRAO has planned on, that \$50,000 will not make or break TMVOA. Director Sweet requested a detailed analysis of how that money is spent. He added that he wants to support TMRAO, but TMVOA often goes beyond what everyone else does. President Sharp said that he contract directs TMRAO to provide this information to TMVOA. Director Greenspan said that Mr. Stewart has heard the dialog of the TMVOA budget and asked him to keep this dialog in mind in the future. The motion passed unanimously with Directors Riley, Proteau, and Zemke recused. Director Greenspan then left meeting.
  - b. **Mountain Biking Program** – Director Sweet made a **MOTION** to support the Mountain Biking Program. Erin Neer added that TMVOA’s portion of the requested funding is \$23,500. Director Proteau seconded the motion. Adam Black of SMBA suggested that this bike park has the potential to limit conflicts between hikers and bikers. He added that there would be an economic impact in the core as well as great general exposure. The bike park would have free admission. SMBA will be donating time and energy to build and maintain all trails as well as provide an education and promote proper trail etiquette to trail users. Director Proteau said that education is important with biking and he emphasized the importance of safety in the core with mountain bikers needing to slow down upon their entrance, etc. Nancy Orr asked who would hold the liability for the mountain biking program. Erin Neer responded that the Town of Mountain Village would carry the liability. Stephanie Fanos added that TMVOA will require a funding agreement that executes liability under the Town’s insurance coverage. Nancy Orr asked why TMVOA is funding most of the money. President Sharp answered that a lot of the money is funded in terms of labor and materials and asked Tony Forrest to explain. Tony Forrest said that the Town of Mountain Village tried to identify partners and what resources they have. The San Miguel Bike Alliance will provide volunteers; the Town of Mountain Village will provide labor and materials. The need for TMVOA’s contribution is for building the venue, but also for future event promotion, which TMVOA has helped out with in previous years. Jeffrey Fasolo said that he has friends in Durango who are involved with Purgatory Resort. He wanted to provide some statistics from Purgatory as well as encourage the development of more moderate trails. Mr. Fasolo read the 2008 ticket sales from Purgatory statistics. President Sharp requested that the comments be directly related to the motion on the table. Mr. Fasolo said that he would like to see the TMVOA board energize the community to continue this path in attracting mountain biking

visitors. Director Zemke said that he understands what Mr. Fasolo was saying and wanted to let him know that there is tremendous energy amongst TSG, TMVOA, and the Town of Mountain Village for growing Telluride Mountain Village as a summer destination properly. He encouraged Mr. Fasolo to send the Purgatory data to him via email. President Sharp asked if there was further discussion. Tony Forrest said that they received DRB approval for the Mountain Bike Park permit today, with a lot of support. Stephanie Fanos suggested amending the motion to include that the approval would be subject to the negotiation and execution of a funding agreement that is consistent with the terms and conditions of this proposal and requires that the Town add TMVOA as additional insured to their policy. Director Sweet accepted the amendments to the **MOTION**. Director Proteau seconded the motion. The motion passed unanimously with Director Greenspan absent.

- c. **Chondola Repairs** – Director Sweet made a **MOTION** to move forward with the Chondola Repairs. Stephanie Fanos explained that Directors Greenspan, Riley, Proteau, and Zemke are all recused on this item. President Sharp clarified that he and Directors Sweet and Volponi would be the only eligible directors to vote. Director Sweet made a **MOTION** to move forward based on the analysis and the 50% shared cost to make the Chondola repairs. Director Volponi seconded the motion. President Sharp asked for discussion. The motion passed unanimously with Directors Riley, Proteau, Zemke, and Greenspan recused.

- 10) **Consideration of Cost Sharing Arrangement for TSG Open Space Tracts for Sunset Concert Series Location** – President Sharp explained that the basis for this cost sharing agreement is that the TMVOA funded Sunset Concert Series is in part responsible for tearing up the turf. Erin Neer said that she had received an email from member Dan Witkowski urging board to accept this agreement. Director Sweet left the meeting. Director Volponi asked if this agreement includes the plaza, which should be the responsibility of the Town of Mountain Village, or if it only includes the grass area. Erin explained what the agreement would entail. President Sharp requested that the verbiage of the agreement be written in such a way that people will understand the reasons that TMVOA is sharing this cost. Stephanie Fanos explained that there is land included in the agreement that is not related to the Sunset Concert Series. She said that this inclusion is problematic as it is private property and that these parcels should be kept separate from the Sunset Concert Series parcels. Director Riley said that this area needs to be maintained by the Town of Mountain Village. He said that the land is TSG's property, but since it is in the Mountain Village Core, they thought that there could be an agreement made between the Town of Mountain Village, TSG, and TMVOA to maintain the land. Director Proteau explained the history and the current maintenance of the land. Director Riley suggested changing this item to a conversation item as opposed to an action item. Discussion followed. President Sharp made a **MOTION** to agree to pay \$5300 to maintain and restore the sunset plaza space. Director Volponi seconded the motion and the motion passed with 2 votes in favor, Directors Riley, Proteau and Zemke recused, Director Sweet and Director Greenspan absent.
- 11) **Executive Session Pursuant to CRS Section CRS 38-33.3-308(3) for Purposes of Consultation with Legal Counsel** – Director Volponi made a **MOTION** to go into executive session, President Sharp seconded the motion and the motion passed unanimously. Director Proteau made a **MOTION** to leave executive session, Director Volponi seconded the motion and the motion passed unanimously with Directors Sweet and Greenspan absent.
- 12) **New Business** – The meeting returned to regular session at 8:03 p.m. President Sharp said that there had been miscommunications regarding the date for Paul Mathews to come to town for a presentation. The date that was solidified conflicts with Director Riley's vacation. He said that Erin Neer has contacted Paul

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
BOARD MEETING**

**JUNE 25, 2009**

Mathews and that the dates that will work best for this presentation are either August 11<sup>th</sup> or 12<sup>th</sup>. Paul Mathews and Emily Mann have purchased tickets, the cost of which to reissue is \$300. Director Riley made a **MOTION** to change the date of the Ecosign presentation to August 11<sup>th</sup> or 12<sup>th</sup>. President Sharp added that Erin Neer has not confirmed that the conference center is available. TMVOA's next board meeting is scheduled for August 12<sup>th</sup>. Nichole Zangara said that the conference center is scheduled from 5:30-7 on August 12<sup>th</sup> for the Pinhead Institute. She suggested TMVOA could piggy back off of the Town of Mountain Village's 15 year plan workshop scheduled for August 13<sup>th</sup>. Discussion followed regarding further logistics of the Ecosign Presentation. Director Proteau seconded the motion and the motion passed unanimously.

- 13) **Adjournment** – Director Proteau made a **MOTION** to adjourn the meeting, President Sharp seconded the motion. The meeting was adjourned at 8:08pm.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
SEPTEMBER 23, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer (via telephone), Jim Riley, Brianne Hovey, Leanne Hart and Stephanie Fanos

**OTHERS PRESENT:** Carly Shaw (SMVC), Kathleen Merritt (Mountain Munchkins), Kim Montgomery, Nichole Zangara, Jim Mahoney, Frances McGrogan, Seth Cagen (The Watch), Don Orr, Nancy Orr, Hillary Mescall, Emily Tschetter, Kate Rideout, Larry Crosby, Dijana B. Pagano, Katie Singer, Adam Singer, Scott McQuade (MTI), Emily P., Jared Divincent, Rachel Loomis Lee, David Cohen, Sonchia Jilek, Matt Skinner, Sue Kunz, Eliese Wildes, Jenny Duffey, Lee Duffey, Andrew Karow, Meehan Fee, John Arnold, Arnie Chavkin, (?) Stone, M. F. Stahler (Nagle), Paolo Canclini, (?) Canclini, Chuck Horning, Penelope Gleason, Matt Hintermeister, Don Perrota

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- 1) **Call to Order** – President Sharp called the meeting to order at 4:02 pm. President Sharp then asked the public to sign the sign-in sheet if they had not done so. He then asked the phone-in attendees to announce themselves. Director Sweet and Erin Neer were on the phone.
  - 2) **Consent Agenda** – Director Zemke made a **MOTION** to approve the consent agenda, Director Greenspan seconded the motion and the motion passed unanimously.

President Sharp made a **MOTION** for a continuation of agenda item 9 (Consideration of Proposed Policies) to the next meeting. Director Zemke seconded, and the motion passed unanimously

- 3) **Consideration of Funding Requests from Mountain Munchkins** – President Sharp explained that this item is on the agenda because if it is going to be approved, it needs to be done prior to the budget approvals. Director Greenspan recused himself from this topic due to his involvement on Town Council. President Sharp introduced Kathleen Merritt. Kathleen Merritt, Director of Mountain Munchkins, thanked the board for the opportunity to present and announced that she is requesting \$30,000. The \$30,000 is needed because Mountain Munchkins is expanding their program to accommodate preschool age children (ages 2 ½ - 5 years), which would increase enrollment by over 50%. Ms. Merritt said Mountain Munchkins' Mission statement is to provide affordable, quality childcare to families that work in the Mountain Village and Telluride region. The program offers an experience at the highest quality by providing a safe, warm, fun-learning environment for the children. And providing an inviting, friendly, informative environment for the families. She explained that Mountain Munchkins is owned, operated and

subsidized by the Town of Mountain Village. Ms. Merritt said with the preschool expansion, the infant and toddler program will continue to be subsidized, but the preschool will be self-sustainable. She said there is a need for additional childcare in San Miguel County. The current capacity for early childhood care in San Miguel County is 295 and there are currently over 350 children on a waitlist to receive care. Ms. Merritt presented the results of the Economic Impacts of Childcare survey conducted last year. She said without childcare: 26% of workers surveyed would have to leave the workforce, 30% of all households would have to move out of the area, and in 42% of families at least one member would have to leave the workforce. Without childcare the average household would lose \$26,000 in earnings and all together these households would lose \$3.9 million in earnings. The negative effects seen due to the childcare shortage include: 1 in 5 children are not ready for kindergarten, 46% of workers have had to change their work schedule and 22% have refused promotions. The impacts of offering preschool to the community include: the Mountain Munchkin preschool will support economic development, add stability to the workforce, and have a positive impact on the entire community by providing strong early learning experiences. Ms. Merritt provided the breakdown of the preschool usage: 95% of families live and/or work in Mountain Village, 35% of families fall into the low or moderate income ranges for San Miguel County, and 50% live in deed restricted affordable housing in Mountain Village. The preschool will be at 100% capacity by December 2009. Ms. Merritt addressed the areas where they need funding help and said the \$30,000 she is requesting from TMVOA would go towards interior fixtures, furniture, and equipment, at a cost of \$26,350. The remaining funds would go towards the playground, which costs approximately \$16,000. There will be continued fund raising efforts to cover the remaining cost of the playground. She said the total cost of the project is \$190,000 and showed funds they have received, and from whom, as well as the funds they have requested that are pending. Ms. Merritt closed by saying that she hopes TMVOA will consider partnering with Mountain Munchkins to provide this critical resource in the community.

President Sharp thanked her for a professional presentation and for keeping it concise and to the point. President Sharp asked Ms. Merritt to confirm his understanding that the facilities that Mountain Munchkins needs funding for are state mandated, without which, the school would not be able to open. Kathleen Merritt confirmed that without the funding they would not be able to open the school. President Sharp asked if it was an all or nothing situation, or if it would be possible to partially open with less funding. Kathleen Merritt said they will be able to open the interior portion of the school because they have received an appeal from the state to use the Mountain Munchkins infant and toddler playground for this year. But they do have to have the new playground open by summer 2010. The state has granted them a temporary license to operate and the permanent license is dependent upon funds and the playground being in place. Kim Montgomery said to be clear that the furniture, fixtures and equipment is for the interior space (desks, tables, cubbies, etc). The construction is complete, but the furnishings are incomplete at this time. Director Volponi asked if they wouldn't be able to open any part of the facility, or just the preschool. Kathleen Merritt said the infant and toddler portion of the program would continue to operate as usual. Director Proteau said the boards [on display] show the furniture. Director Sweet said his children went through Mountain Munchkins and he was very impressed with the program and would like to support the program. He does want to be sure the focus is on Mountain Village employees and residents because ultimately membership money is going to support this. He said there is a priority list for this scenario. Kathleen Merritt said yes there is priority given and that 95% of families live and/or work in Mountain Village, essentially there will only be one family that does not work or live in Mountain Village. Kim Montgomery said Mountain Village residents have first priority. President Sharp said the only reason not 100 % of the families are from Mountain Village is that there is not been a request for the spot. Director Zemke asked for clarification; Mountain Munchkins receives \$170,000 from the Town, and is asking for \$30,000 from TMVOA. Kathleen Merritt and Kim Montgomery said it was just for capital. Director Riley asked about local funders and the ongoing fundraising for the playground. Kim Montgomery explained that the

continuing fundraising is for the playground and that they will need to have that completed to receive their permanent license. President Sharp asked if Mountain Munchkins has other potential sources of that money and if they were making the same pitch to other people or groups. He followed up by asking if TMVOA is a last ditch effort. Kathleen Merritt said there are no other potential sources for this specific item, though they do have other grant requests pending. Director Volponi asked about timing. He mentioned that the budget was being discussed later in the meeting and perhaps the board could make a decision after the budget discussion. Kim Montgomery said the facility is opening October 15<sup>th</sup>, so the sooner they have an answer, the better.

President Sharp asked if there were any questions or comments from the public. Katie Singer said she is a Mountain Village home and business owner who is raising a family. She has a 3 year old who will be starting at Mountain Munchkins on October 15<sup>th</sup>. Ms. Singer said thanks for the support in the past. She continued on to say that Mountain Munchkins is the only preschool in Mountain Village and it is invaluable to its residents. She reiterated that the subsidy from the Town is for the infant/toddler program, and that this \$30,000 request is for capital for the preschool, which will be self-sustainable. Ms. Singer has been part of the parent fundraising contingent, which she will continue, and asked for TMVOA's support. Don Orr asked about responsibility, saying that if the Town owns, operates, and subsidizes Mountain Munchkins, why is this not a Town Council matter. Kim Montgomery said the Town donated the space for the expansion and felt that between the subsidy and providing the space, Mountain Munchkins could look for other money for capital. Emily Tscheter said she also lives and works/owns a business in Mountain Village/Telluride and has been working with Kathleen Merritt to raise money. She said they are doing everything they can - writing grants, reaching out to any entity that will listen, etc. Ms. Tscheter said they do have a list, and are open to other suggestions. She said TMVOA being the closest and part of Mountain Village is essentially why they have come to the board with this request. Ms. Tscheter also reminded the board that the money they are requesting is for capital and the preschool program will be self-sustainable. Jim Mahoney said he works for Mountain Village and his daughter goes to toddler program and is on the waiting list to get into the preschool program. He commended Kathleen Merritt for doing a great job and encourages TMVOA's support.

Director Riley asked if Mountain Munchkins had thought about debt instead of a grant. Kim Montgomery said no, not for such a small project. They have already raised \$130,000 and it didn't seem appropriate to go through the loan process for such a small amount of money. President Sharp asked if that would be appropriate or possible. Ms. Montgomery said anything is possible, however she sees it as problematic at this point. It is an idea to look at if they do not receive the funding. Jim Mahoney said that the debt, because it is municipal government, would require an election. And election would mean spending \$15,000 in order to raise \$30,000. Director Riley asked if it was a Town owned facility. Kim Montgomery said it is Town owned, operated and funded. President Sharp asked if all the employees were Town employees. Kim Montgomery said yes. Director Sweet said the history is this was the daycare for the ski resort that expanded into town and now the community itself. He said any daycare for children 3 months to preschool age is subsidized and this project is a transformation to make the facility more sustainable. Director Sweet said at the end of the day the real money is coming from the Town, who subsidizes much of the facility and he does not have a problem with looking at this in the context of the overall budget. He said there is a big room of people who support this because it affects their lives. He thinks this supports the ski resort, the Town and the community; it needs to be resolved, but in the right time. President Sharp said he is not sure what Director Sweet's final point was. Director Sweet said the board can look at it now or put it in a hopper to make a decision later. President Sharp said there is an October 15<sup>th</sup> deadline and without the funding there will be no furniture in the preschool.

Director Zemke said the public should know that there have been meetings between Town and TMVOA to streamline process for grants. He said one of the discussions has been about it being more appropriate for essential services to go through the Town. He said they (the Town and TMVOA) are hustling to get the procedures inline for the grant process for the upcoming budget. Director Riley made a recommendation that the board get a feel for the budget and then return to this item at the end of the meeting. Director Volponi said he would like to do that. He feels good about Mountain Munchkins, which is obviously a worthwhile program that benefits a lot of people in Mountain Village, but there are concerns about the budget. He thinks the board would like to get a certain level of comfort with the budget before saying yes or no to Mountain Munchkins. President Sharp explained the budget process. If the board slashes everything that is not mandated, there will be an \$800,000 deficit. In establishing the 2010 budget the plan is to start at zero base and say they board is doing nothing, and then listen to arguments for reinstating or dipping into reserves for each individual item. TMVOA is starting \$1 million down, and has to ask the board if they want to make each expenditure. President Sharp said he would like to go along and table this, and go into the budget discussions, and come back to it later in the presentation. He said on behalf of the TMVOA board, they will have an answer no later than the end of the month if it is not final by the end of the meeting.

- 4) **Discussion of 2010 Proposed TMVOA Budget** – President Sharp said he would like to move on to item 4, discussion of the 2010 proposed budget. He said the Budget Committee (Director Riley, Director Greenspan, and President Sharp) has met three times and the meetings have been lively. President Sharp said they do not have a budget to present to the rest of the board or to the public, but there is a need to continue discussions and debate on priorities. He said there have been several letters written by public, by the members of the owners' association comprising of full spectrum of issues: cut the budget, don't cut Guest Services, and don't cut Sunset Concert Series. The budget committee has gone through and tried to put various events, activities and expenditures from the past into trenches. The Budget Committee labeled them As, Bs, Cs to try and get a feel for, as a committee, what they thought were priorities. He said most of the items, other than the critical ones, wound up in the B trench. The B trench items need more discussion to see where cutbacks can be made and to look at how valuable the items are to the community.

President Sharp said with that bit of background, he would like input from each board member again on those priorities. President Sharp started with his ideas of TMVOA's priorities. He said the approach he took was to start with saying that the board was not going spend any money and then to listen to arguments of how important things are. The board has made a lot of donations in the past and through the joint committee of the TMVOA board and Town Council. President Sharp asked Director Volponi to speak to how the board has addressed the donations with the Town. Director Volponi said in the joint prioritization committee meetings there have been discussions where they separated essential services, or those services typically supplied by a municipality. Organizations with those kinds of requests would go to the Town, while TMVOA would focus more on Economic Development and improvements for businesses and life in Mountain Village. Requests for support for different kinds of events and festivals would come to TMVOA while requests for services like resource centers and essential services for Town would go to the Town. Director Volponi said the joint prioritization committee is in the process of developing a policy that will eventually come to the board for final approval. President Sharp said what that essentially means is that TMVOA would look at eliminating all charitable donations and would refer those requests to the Town. After the Budget Committee put items into trenches of As and Bs they came up with rough numbers. If they include all items in the A and B categories, but cut back on some, the board would be spending \$223,000 on events. Applying the same methodology to grants the board would spend \$150,000. They did keep a couple of donations at \$15,000. There are other items such as Guest Services, parking, and group sales support that total \$350,000. The total of these discretionary items would mean an addition of

\$720,000 to the 2010 budget. President Sharp asked if the full board has the sheet that is the result of the Budget Committee meeting. Jim Riley confirmed. President Sharp said that is the Budget Committee's first go around of what they would consider adding back in. He then asked Director Riley to add specifics. Director Riley said there are events TMVOA runs as a category, there are grants where people come and ask for money, there are donations that are more charitable in nature, and there are other large items like Guest Services, parking, etc. He said he thinks President Sharp covered the charitable donations well in terms of what the committee had talked about. He said the grants are an awkward chicken and egg situation because TMVOA has not put out a request for grant applications. The committee has been talking about grants that have not been applied for, and has been basing the conversation on what was approved last year. Director Riley suggests the approach to grants could be to include a budgetary number, and go out for requests knowing that the board would not go above that number. He said Events is an area for more board discussion on line items. In the Other category (Guest Services, parking, etc.) the board has been working really hard to reduce spending. Director Riley said given that TMVOA is deficit spending, anything TMVOA chooses to do is going against reserves. He reiterated that he is against a special assessment as he has previously said in other meetings. Looking at cash flows, TMVOA does still have money in the bank, and the Budget Committee tried to calculate how many years TMVOA can go before running out. President Sharp asked Director Greenspan for his take from the Budget Committee. President Sharp said that he wanted to point out that the first go around shows that the board might consider \$720,000 for these items, *might consider*. The exercise was to get into a ball park and the board can determine if TMVOA wants to deficit spend and dip into reserves. Director Greenspan spoke about philosophies and how he is approaching the situation. First and foremost is the current budget and what it is going to look like for the near future. That is the first thing to address, and to be able to address it in a clear and sensible way. He also looks to see if budget items are in the right pot - are items in the Town budget that should be in the TMVOA budget. He used Dial-A-Ride as an example since it is associated with the Gondola. Director Greenspan said it is important to make sure Town is run efficiently from both the HOA side and the Town government side. He said it is important for whatever events we do have that they can be developed into a self sustaining event, including the Sunset Concert Series and any large events TMVOA takes part in Mountain Village. The board needs to know what works in the Mountain Village and what does not. Those are the fundamentals that the Budget Committee has been looking at in a close and stern way.

Director Sweet spoke to Director Volponi's statement of shifting social service stuff to the Town, and for TMVOA to focus on Economic Development. He said that has always been the philosophy and it has evolved a bit with slippage. He said one of the things that slipped in was the idea of doing capital expenditures as opposed to recurring expenditures. He said Director Greenspan made an interesting point about trying to put things in comparable buckets, but certain aspects of Dial-A-Ride and other things create administrative issues in dealing with a municipality. He said there are other things that come into play aside from logical budgetary scenarios and the board needs to be sensitive to that. When looking at these issues, it is important to remember there are a lot of moving parts. Director Sweet said the one thing he'd really like to focus on is TSG's portion of revenues in the Gondola and it is his understanding that TSG doesn't pay TMVOA assessments. Director Sweet asked if he was correct in his understanding. Director Riley said he was incorrect. President Sharp asked Erin Neer about TSG's assessments on property owned in Mountain Village. Erin Neer said TSG pays assessments on all real estate owned. Director Sweet asked if the Town of Mountain Village paid anything. Erin Neer said yes they do on certain properties. Director Sweet said TMVOA needs to focus on the revenue stream of about \$1.2 million from TMVOA assessments currently pledged to VCA. His biggest concern is matching expenses to revenues. He feels TMVOA should go bare bones across the board. Director Sweet expressed interest in getting out of everything and

focus on funding the Gondola, administrative staff and a website. President Sharp said that is certainly the baseline and the board needs to decide how much to dip into reserves, if at all.

Director Proteau said he has a different opinion. He said it was great to get input from members, the more input the better. On the events and the grants, we're seeing money spent and cost per attendee. He asked Jim Riley if he has ROI (Return on Investment) information. Director Proteau said he is holding off an opinion until he sees ROI. He feels that information would be very helpful to keep decisions from being opinion based and more information based. Director Riley said that no decisions are being made at this meeting. President Sharp added that it's just a discussion to see what rises to the top. Director Riley said the Budget Committee is looking for feedback and input on the work they have done during their meetings.

President Sharp said there are a lot of people here and the board would like input. Lee Duffey said he appreciated what was said on ROI and thinks it is a great idea. He asked how TMVOA measures ROI – is it Economic Development, is it Real Estate. Mr. Duffey sees ROI as a great measuring tool, but what should TMVOA focus its measurement on. Jim Riley said historically ROI reporting has revolved around lodging revenue and merchant business during events. Indirectly marketing dollars spent on events and activities. Those are some of the main points, but also sales tax dollars, which do not go to TMVOA but is something that is looked at. Lee Duffey asked if revenue stimulation is a goal of TMVOA. He asked if TMVOA is looking to increase revenue and what the Owners Association wants to get out of the investment. Stephanie Fanos said she wanted to remind everyone that TMVOA has a grant funding policy that sets forth these types of issues that was adopted last year. There is a policy for grant funding and one for charitable contributions. Mr. Duffy asked if Sunset Concert Series is a grant and if all these expenditures are grant related. He also asked how TMVOA would measure ROI excluding the grants. Stephanie Fanos said there is an event policy as well that lays out the criteria. The policies are on the TMVOA website.

Director Zemke said his committee is recommending revisions be made to the grant funding policy and the even policy. Director Volponi said it gets a little confusing because there are events that are produced by TMVOA that the board has more control over, and then there are things that the board makes grants to to assist an organization and create some of these events. He said they are two different things, but overlap a bit in conversation. Director Volponi said he personally believes part of TMVOA's function is to assist and create some of these events because it creates activities in Mountain Village, which are not only enjoyable for residents, but brings in revenue for hotels, restaurants and merchants. President Sharp responded to the first question Lee Duffey asked, and said the Budget Committee was debating this topic prior to the board meeting. What are TMVOA's priorities related to ROI. For example, the Sunset Concert Series; how do you measure ROI if the TMVOA is putting it on for the enjoyment of the members. Is the Sunset Concert Series is not a success if our merchants do not sell enough food and alcohol. He added that merchants who do not benefit from the concert series still want to see them because they bring vitality to Mountain Village.

Director Riley suggested asking for general comment about the budget or what it should be. An Unidentified Member said he was confused on TMVOA's priorities. He said there are things that TMVOA needs to spend money on, and there are non-profits that add to the community but that are hard to determine whether they produce a return, and there are other grants with entertainment and/or retail components. He said he doesn't see how TMVOA sets priorities amongst those because it's like comparing apples and oranges. He said until you know how to prioritize, it's hard to know how to judge what is good or bad. President Sharp said it is a difficult task. He said the committee has gone down the list and asked how each item benefits Mountain Village, and it's not always a ROI and can be difficult to measure. President Sharp said they can use tools available to make decisions but it is not cut and dry and

we all have slightly different ideas of what is good. Unidentified Member said there needs to be a cohesive approach to decision making and that is the hardest part. President Sharp said it is and to some degree we have gone through that process. The information available is limited so the board has to make some subjective decisions. Unidentified Member said there is never enough information. He asked if the board had determined what the minimum reserves need to be. President Sharp said as it stands now, TMVOA will deplete the reserves in 6 years if the economy stays the same and TMVOA only meets contractual obligations with reserves (cash). The question the board needs answer is how close do we want to cut that. President Sharp said it is easy to make a judgment and not spend anything, but does town become ghost town as a result. TMVOA needs to find the proper balance between fiscal discipline and the hope that RETA will improve in the next 5 years. Unidentified Member said in his experience you always think things are going get better before they do, and you always run out of cash sooner than you thought you would. He said running out of cash is a bigger problem.

Director Riley said in the past TMVOA had a lot of money and did a lot of things. TMVOA made a lot of charitable donations, did a lot of economic development grants, ran its own events, and had legal requirements. There are also other discretionary items; Guest Services, parking, and marketing. Director Riley said that the way he is prioritizing, is to do everything possible to teach people to fish instead of giving them fish. TMVOA needs to create a sustainable economy. To him that means that after non-discretionary items are taken care of, the board needs to focus on economic development and performance of the people who are living and working here to survive. Having said that the board needs to know what our burn rate is and how close we're cutting this. He agrees that things could get worse, there could be no RETA next year, but fortunately TMVOA has a bit of a buffer. The Budget Committee wants to invest in the community and does not want to become the Lost People of Mountain Village. TMVOA is trying to put money into things that will help perform at a higher rate. Director Riley said the Budget Committee thinks TMVOA needs to invest in group and corporate conference sales in the spring, summer and fall. He doesn't feel MTI has the funds or people to make it happen. There are two hotels in Mountain Village with no critical mass, they need help to put heads on pillows. He said the Conference Center itself is not doing it, MTI is not doing it, and the hotels are not doing it. Director Riley said the TSG is doing it in the winter with ski groups. The hotels need help in spring and fall to attract these groups. Director Volponi said he doesn't think it's a fair statement to say that MTI is not doing it. He said he has had groups at the Capella as a result of MTI's efforts. He would like to see more, but feels it is a bit unfair to say MTI hasn't performed. Director Riley said his comment about MTI may be an overstatement, but the Conference Center is empty. Director Volponi said bed base to fill center was not there previously, but some things have changed.

Director Zemke asked people to introduce themselves before commenting. Adam Singer said he read an article about the Great Depression that said businesses that continued to advertise and invest in infrastructure succeeded, while others took the bare bones approach and failed. Mr. Singer also said he understands there would be a \$800,000 deficit if TMVOA covered only what they are contractually obligated to do, and asked what the deficit would be if TMVOA used last year's budget. Erin Neer said it would be \$2.5 million. President Sharp clarified that includes no 50/51. Erin Neer said yes, next year's deficit would be around \$2.5 million. President Sharp clarified what Ms. Neer said, saying that if TMVOA did everything as it did last year, excluding one time costs such as the Capella, the deficit would be about \$2.5 million. Adam Singer asked if the board had a deficit number that was tolerable. President Sharp said no. The Budget Committee started with a number that if TMVOA did nothing, and nothing changed, it would be 6 years before the organization goes broke. Looking at that number the board is seeing what can be cut, how close they want to cut it and what kind of chances they want to take. Jenny Duffey asked about the worksheet. She referenced the Sheridan Arts Foundation line, saying it looks like TMVOA spent

\$16,000 to make \$3,000. She asked if that was gross or net. President Sharp said the board wanted to see what the bottom lines of various organizations were. The goal was to see if the money TMVOA was giving was necessary money, or just fattening their bottom line.

Scott McQuade said he would hold his comments on Guest Services until that subject comes up to keep things simple. To clarify points in group sales, Mr. McQuade does not completely agree with Director Riley's comment, he said there is room for improvement, but based on a \$60,000 budget, that the group sales effort has done a tremendous amount of work. He said he feels it is a component that could use expanding and certainly provides a great opportunity for the community. Mr. McQuade asked how TMVOA envisioned using those dollars. Director Riley said he already said we need to do it; we need to put money into this. He envisions putting together a task force between MTI, TMVOA, the Conference Center, the Peaks and the Capella to work together to make it happen. This task force could work together to increase conference business and work together to attract more business. He said he does not have an answer, but he suspects that all contributors would have different input. Director Riley views this task force as a partnership for stakeholders and would not take MTI out of it. Director Riley asked Mr. McQuade not to take his earlier comment the wrong way. Scott McQuade said he thinks working together is key to success. He continued on to say, no one knows what will happen with TSG's amphitheater proposal, but thinks it might provide a good infusion of additional entertainment to the Village that didn't exist previously. He said one of the problems with events that are free in Mountain Village is that there is no way to achieve ROI for that producer. With no direct revenue back from an event it is a guaranteed loss. Some of the other events that are sponsored by TMVOA are covering that risk for promoters. Mr. McQuade feels if there were more venues where you can charge for admission, that there is tremendous opportunity to get events from other promoters. Dave Cohen spoke to the \$150,000 used to discuss how to attract more groups to Mountain Village (Peaks, Capella, etc). He is interested in hearing thoughts as to why that meeting can't happen without the \$150,000. Director Volponi said there are elements that are happening right now. He said that was discussed in this meeting not long ago, when a company came and looked at properties in Mountain Village for a conference. Unfortunately Mountain Village lost that piece of business due to an air lift situation. The potential business was something that was coordinated through MTI, with the cooperation of the hotels, the airlines and the mayor. Those are the kinds of things they can facilitate; they are always showcasing the convention center during site visits. Director Volponi explained that the way this works is that MTI puts leads out to all hotels in the area, and it is up to the hotels to respond with request for proposal, rates, etc. and MTI channels those things back. MTI will then bring interested parties to town and coordinate their site visit, show them the different facilities around town that might meet their needs. Director Volponi said there are elements of that that are happening and funding could provide a better opportunity. Dave Cohen asked if the money goes to MTI to get more people in or if it is just petty cash. Director Volponi said it has not been established where the funds would go. Scott McQuade said he wasn't sure if it was appropriate for him to speak to that question, but said that it is something that is a little misunderstood; MTI does not have dedicated source of funding for Group Sales, it was in their previous contracts and was carried over as a handshake deal. This is why funding is significantly lower and they have a staff of one in that department. He said that department has the ability to grow if they sell more. Things are looking better than ever with one person's efforts, but they are in a very difficult start up mode. That is one component that is missing; there is no dedicated source of funding for the group department, but it is a vital component of community's health and wellbeing. He said group sales should make up a large portion of total business, right now it makes up a small portion and leisure is the largest portion. That needs to be turned around. Director Riley said not only does MTI not have a stable funding source, they have a chronically under funded situation. He said it is never fun to hear that we're not doing well in something and people get stiff. But the reality is that we're not doing well in this area and we could do a lot better. That is why Director Riley is advocating for investing money in the

spring, summer and fall to get group business. He doesn't know how that will be formatted, but if there are no funds, it won't happen anyway.

Penelope Gleason asked how the Budget Committee looks at revenues and expenses. She understands the need to spend money to make money, but she doesn't want to see a downward spiral in the TMVOA budget. Ultimately in regards to Economic Development, she would like to see TMVOA infuse the community, provide seed money to help others "grow legs", but not become dependent upon TMVOA funds. She thinks that this would help the overall sense of community. Childcare and other great services pay into the sense of community. She still notices a disconnect in putting money into groups, conferences, events or no events; without RETA coming in, money is getting burned down. She asked the board to consider what would cause people to buy and sell real estate in this town. RETA is the main revenue source; there are assessments and other revenues but if there is no increase in RETA over the next six years, the burn down will happen and there is the fixed cost of running the Gondola. She asked the board about plans to generate revenues. She suggested shifting some of these responsibilities to another organization and asked if there been a conversation regarding changing the responsibilities with the town. She added that it doesn't matter what is spent, if RETA doesn't pick up, TMVOA will fizzle down.

Director Greenspan said that as a matter of fact that has been brought up. He's wondering if the committee has the right pieces over the right buckets; at this point he is convinced they do not. Director Greenspan said in his mind Dial-A-Ride jumps out the most because it is associated with the Gondola and property values. If you take away Dial-A-Ride, he's afraid people will feel they have lost some value in their property. He said he doesn't have a problem with Town running Dial-A-Ride, but is it going in the right spot? Director Greenspan asked if economic development, as your tracking tax dollars, is that going in the right spot. He thinks these things all need to be looked at and scrutinized to fullest degree, however, tackling that question when the committee has this budget cycle going on is difficult. He feels if you throw that culture out there and start to move it into the next budget cycle items can be rearranged. The board will discover a lot on that if it tracks where funding comes from and where it ends up.

Director Riley addressed Penelope Gleason, saying he does see a connection between Economic Development and real estate sales. He thinks if TMVOA creates a really fantastic Mountain Village experience for the people who come here, for the people who are thinking about buying here, it will translate to real estate sales. He says it's structured the way it's structured, but thinks TMVOA can have a positive impact on that if it creates a really fantastic village. Penelope Gleason said she was just bringing it up for people to realize. Director Riley agrees with Director Greenspan and thinks Dial-A-Ride could be looked at in the future. He feels that if Mountain Village becomes a great place to visit and live and work, real estate sales will return and things like Dial-A-Ride will work. He said he agrees with the idea of investing in the Village, but we need results. The spring, summer, and fall is the problem; that is when businesses suffer and TMVOA needs to be creative about investing. Director Riley said he agrees with Scott McQuade regarding groups; at other resorts he's worked at they filled first with groups and then added leisure travelers. He said no one is really owning that right now; with all due respect you own it, but you don't have any money so it's really hard to perform.

Jenny Duffey said she worked in Atlanta on the Ford Atlanta Campaign where they asked the community for money to market Atlanta. As a homeowner here, she would not be averse to putting money into such campaign. If each homeowner donated \$250 dollars, maybe would make a difference. President Sharp asked Ms. Duffey if he heard her volunteer to head that committee. Jenny Duffey said no, but she wouldn't mind doing some work. She feels that homeowners wouldn't be opposed to paying \$250 in order to keep things like the Sunset Concert Series. Director Riley clarified that the concert series has not been cut,

though it may appear like that on the sheets that everyone has. He explained that the board has discussed having the Sunset Concert Series for the big 8 weeks in July and August. TMVOA has discussed charging a nominal fee (\$3 or \$5) in order for the concert series to pay for itself. The board understands it is a great thing for the community because it is fun. He said that is great input because the board has wondered if they can charge admission and sell beer and wine. Director Riley said he thinks TMVOA could at least break even on it. He asked what the rest of the members think. President Sharp said TMVOA has done some research on that by sampling attendees at the last few concerts and the general feedback is that people would pay.

Frances McGrogan said she agrees there are certain things the board could charge a nominal fee for. If the board can sell beer and wine, yes. She said most people love the Gondola and maybe there should be a little tax for the Gondola on hotel rooms or things. There are ways to get money coming in, things that would make a dent, so that items do not get cut from the budget. She said some things seem expensive and she isn't sure that they pay for themselves. For example, The Festival for the Arts seems pretty excessive. Director Riley asked to talk more about that. Frances McGrogan said she knows people pay for tickets for the festival but didn't know if the town made anything on that. President Sharp said the number on the sheet is the net loss, the board does have revenues and there are sponsorships that reduce the cost, but the number on the sheet is essentially the net cost to TMVOA. Frances McGrogan the \$45,000 for Joan Osborne seems like too much when people would have been there anyway. These are the kinds of things we need to take a real look at. She said that item jumped out at her as being excessive for a one weekend event. Don Orr asked to comment on worksheet online regarding TMVOA produced events. He said The Festival of the Arts stands out as net cost per participant as a high item. No matter how you cut it, that is an expensive event. Mr. Orr said if you take worksheet and relate it to ROI there are four constituencies within TMVOA: TSG, Lodging, Retail, and Homeowners. He said he can't speak for Jim Riley, but thinks you could ball park to see how TSG, the lodging group and the retail group benefited from the event. Work out what is left over and that effectively becomes the net cost to the Homeowner group. He suggested doing the same exercise with Sunset Concert Series and it would show a number substantially less than what is on the worksheet. He feels most homeowners would feel it is a reasonable cost to them to put on the event. He said another item that stands out as expensive on a per participant basis is Telluride Gay Ski Week. He would suggest that TSG, Lodging and Restaurant businesses benefited significantly, while the benefit to the homeowners is relatively small. Mr. Orr thinks that exercise may be helpful for prioritizing events. Mr. Orr addressed the Economic Development grants. Even though TMVOA does not produce them, there are a number of items on list that are really events that could be measured in the same way. For example, the Fireside chats and Pinhead Talks. Those are events that other people produce but they bring people to Mountain Village and they should be looked at as events because they do have other benefits as opposed to just giving money to somebody. David Cohen spoke about the \$75,000 penalty TMVOA would have to pay if they not fund The Festival of the Arts. He said it seemed that was one of the reasons TMVOA did fund the festival. He asked if it would cost \$75,000 every year to break the contract. If it is every year, you'll have the same loss and the same decision. President Sharp said it was a 3 year contract and next year is the last year of the contract. He said the board had exactly that debate asking if it is better to spend closer to \$45,000 and get nothing, or to spend \$90,000 and get something; that debate is ongoing. David Cohen asked if TMVOA runs The Festival of the Arts. Jim Riley said TMVOA contracted Cherry Creek Events to run it. President Sharp said that there is 500 hours of TMVOA staff time that goes into producing that as well.

Director Riley asked if they could talk about Guest Services. He said there was a big number spent last year. There are a variety of ways to spend that same number again, or it can be restructured. He said this is aside from the contract discussion and wasn't sure if he was jumping ahead. President Sharp said he thinks

it would be good as it is a general budget item and he would like the public's input. Scott McQuade said it would be great to have opportunity to discuss this now. President Sharp said he doesn't want to get too deep at this time so maybe it would be better to leave it to that agenda item.

Penelope Gleason said it is interesting for homeowners to hear from retailers, and vice-versa. She said back in the day when we were talking about what economic development really is, homeowners were anxious about their property values and about the quality of businesses' experiences. She appreciates hearing more from homeowners regarding these line items. She thinks it is essential to come together and hear why it is important to the homeowners that the businesses survive. She would like to hear what makes the community a good community to own property in from the homeowners' perspective and what TMVOA does for them. She also liked hearing people's ideas for revenue streams; she mentioned that she often hears people ask where they pay for the Gondola. President Sharp said that TMVOA is not allowed to charge for the Gondola but can accept donations. Stephanie Fanos confirmed this. Adam Singer asked about sales tax. Stephanie Fanos said that is the town. Adam Singer said right now hotels and restaurants pay 2.5% sales tax to airlines. Penelope Gleason added that retail businesses pay 1%. Adam Singer continued to say that maybe that is a way to think of it; getting the Town to contribute to the Gondola through a sales tax. Stephanie Fanos said TMVOA is not a taxing authority, so the Town would have to consider that. Nichole Zangara said the deadline to put that on the ballot for this year has passed. Scott McQuade said there is a good opportunity for donations and if there was a secure way to accept them, like the valley floor donations. He said people find the Gondola one of the most compelling things about their time in Telluride and guaranteed that people would donate money. It may not create a black line on the budget for the Gondola, but anything could help. President Sharp said everyone has had the experience of riding the Gondola with a visitor who is just totally amazed that it is free. Jenny Duffey said she is personally opposed to tax because we're in extraordinary times right now and would like to know if there is any possibility of going back to the county and asking for relief. People from Telluride and Norwood use the Gondola and it is unfair for Mountain Village to pay the cost of all of it. She said that with another tax, if she is looking to buy something and the tax is 12% in Mountain Village and 9% in Town, she's going to buy what she needs in Town. President Sharp reminded everyone again that TMVOA has no taxing authority and taxes are an issue for the Town Council. Mr. Duffey said he understands the contract with Town regarding the Gondola, and it's a complicated system, but it's essentially a source of revenue streams coming in from different channels to decide whether or not Mountain Village and TSG survive. He said we're really facing a crisis like situation in terms of our ability to collect money. If you look at TMVOA as an entity whose purpose is to enhance real estate values, our spending needs to focus only on those areas. He suggested that rather than doing what is nice, TMVOA should do what is necessary.

Director Zemke said he agrees with 90% of what Mr. Duffey said. He stated that he was personally offended that money spent for the Festival of the Arts went to Cherry Creek Events when there are talented people here who could have done a great job, and he thinks for far less money. Director Zemke doesn't understand why TMVOA is spending money in the Town of Telluride. If someone is coming to TMVOA asking for money he wants to know what they are doing for Mountain Village and how they are going to use the plaza, the conference center, etc. He doesn't want to spend money to begin with because TMVOA is in a hole, but before he even looks at a request he wants to know how the hotels, businesses and homeowners in Mountain Village are going to benefit. Mr. Duffey said there isn't a single organization that is going to present anything less compelling than reasons to fund but when you are deficit spending, every dime counts.

President Sharp mentioned that the last board meeting was devoted to what talking about what TMVOA should be focusing on. He said everyone agreed that contractual obligations were the first priority and

Economic Development was number two. Nichole Zangara asked about the possibility of a surcharge on festival tickets and lift tickets, money generated could help fund the Gondola. She asked if that is something TMVOA can handle or if that would have to go to the Town like taxes do. Stephanie Fanos said that too would have to go to the Town. President Sharp said he has heard this idea before, but he doesn't know how to approach it. He added that as many of the festivals are held in Mountain Village and Telluride, it could be hard to attach a surcharge. Nichole Zangara said that if a festival is funded, or partially funded, by TMVOA they should be able to add a surcharge. Stephanie Fanos said that if they are talking about a surcharge to be spread across the board for events and festivals, that is something the municipalities would have to work out. If you enter into an agreement where in exchange for some sort of sponsorship or grant there is a share of revenues that is a potential possibility. You do have to be careful with those issues though since TMVOA is tax exempt. If TMVOA imposed a Civic Assessment, there are various options, and the board has discussed that at meetings before.

Director Riley said TSG pays to the gondola a percentage of lift ticket revenue equal to about \$100,000. Jenny Duffey said their contribution should be more. Director Riley you can look at the ski company as a money tree, but the reality is that they don't make enough money to even put reserves away to replace the fixed assets on the mountain. TSG is in an awkward position; they are able to pay their payroll but they aren't putting money away to replace chairlifts. Director Riley said TSG is working with the community to create economically sustainable foundation. Adam Singer said there are going to be RETA problems for the foreseeable future and, if that is the case then as a community we need to look to taxation or something to fund the gondola, because it is the largest portion of the budget. While it is not TMVOA's decision to do that, as a community we need to look at that. Director Zemke said he likes the ideas, but the contracts are long, complicated and difficult. While he would love to go to the town or the county and ask for funding, it's not that simple. Mr. Duffey said from his understanding, TMVOA was created as a nonprofit entity to collect Transfer Assessments used to fund Gondola. The primary purpose was to funnel the funds to run that transportation system to make the town and the ski company to be more viable. If that is the case, then there are contractual obligations that go back to the formation of Mountain Village and unwinding those is a complicated pull your hair out exercise. Perhaps TMVOA needs to go back to its roots, fund the Gondola, fund the contractual obligations and nothing over and above that we simply do not have the money for. If going without certain things stings a little, then it either needs to sting enough for someone else to step in and fund, because it seems like TMVOA is funding a lot that the town should be, or it will help to know what the priority is going forward. As an entity that represents commercial and residential owners that is losing \$1 million this year, when do we stop spending on nonessential, non-contractual issues? President Sharp said that is exactly what the board is looking at. TMVOA got in habit of being the rich uncle, but now, any spending we do is deficit spending. TMVOA has to decide how far into the reserves it is willing to go. Mr. Duffey said he doesn't see fault with being the rich uncle when the revenues are there. When there are no dollars to invest, there cannot be investment spending.

Stephanie Fanos said she needed correct one thing. TMVOA was not created to collect RETA and fund the Gondola. TMVOA was created in 1984 and RETA was part of that initial formation. There are contractual agreements to fund the Gondola that were entered into in 1992. Director Sweet said that TMVOA is in a situation where this obligation to fund the Gondola becomes the most overwhelming scenario. IF RETA comes back, he has no problem seeing RETA to fund different things and allocate resources. The number one thing TMVOA needs to start thinking about is reserving for the replacement of the Gondola. President Sharp said there are reserves in current budget. He does not want the discussion to get too far from budget. Director Sweet said it is time for TMVOA to protect its ability to fund the Gondola and let the town come up with the resources to do what it can.

Don Orr said we need to treat all discretionary spending starting from scratch and ask if it is necessary. He thinks that is the proper approach, but he feels TMVOA is not going to be able to eliminate all of it, there is still going to be a deficit. Mr. Orr said the simplest way to raise additional funds is to do a special assessment. If the special assessment were the same rate as the current assessment, that's \$1.2 million. Compared to what TMVOA will see, \$400 is not a large amount of money to ask the members to pay. He feels cutting to the bone is not the way to go. Director Riley said if TMVOA just does what the Budget Committee has come up with so far, it would buy some time. Hopefully RETA comes back. At some point we may have to do some Special Assessment. Director Riley said he has looked at this really carefully and thinks TMVOA is buying some time and is keeping some responsible programs going, while cutting out everything else that isn't. He thinks that is a better way to go than saying that we will only fund the Gondola. TMVOA cannot go with a scorched earth approach. He added that TMVOA can assess the budget monthly and can amend it any time. Don Perrotta asked if anyone has looked at the contractual obligations other than Gondola; and contacted some of the larger contractual obligations and had a face to face chat. He asked if they realize that times are bad and perhaps the obligations could be put on hold until revenues increase. He used Telluride Festival of the Arts as an example; go to the festival organizers and say we can't afford to support you and we can't afford to pay your termination fee, and we'd like to work something out until we can afford it. President Sharp said they had that discussion a couple of hours ago and Erin Neer is pursuing those talks. Don Perrotta said he feels that board wants to go home and eat, and is not listening to valuable input, and that upsets him. He says he has been to several meetings where people have made suggestions about donations for the Gondola and nothing has been done. Mr. Perrotta said he is hearing some good comments at this meeting and feels that the board is going to nothing with them. President Sharp says he can see Mr. Perrotta's point. Don Perrotta said he doesn't want President Sharp to see his point, he wants the board to DO something about it. He wants the board to present an action plan and describe how they are going to use the comments they have heard in the meeting. President Sharp said their purpose is to listen to the input and the board is going to take to heart what they have heard. Don Perrotta asked if President Sharp was saying that to appease him or if that is really what is going to happen. President Sharp said from what he has heard in the meeting, most people want the board to cut back. He explained to Mr. Perrotta that the board and staff work hard and he is sorry if he feels that they don't care about the members' opinions. He added that there is an agenda and this is only the first meeting where this will be discussed. He encouraged people to attend future meetings where the budget is on the agenda. He acknowledged that the board members are representatives for the other members and he does not want to work in a vacuum. Don Orr said he does not think that comment was fair at all. Director Zemke said he has never seen a staff work harder in his life and he hopes by Mr. Perrotta making that statement he is going to put himself on the ballot to be on the board in December. Don Perrotta said he is not questioning the board's work ethic. Director Zemke continued, saying that the staff works incredibly hard and he finds it tough to swallow Mr. Perrotta's comment on the evaluation of contracts. President Sharp added that the staff is all at the meeting and is approaching a 14 hour work day. Larry Crosby said he knows the board is trying to get a sense of direction from the members and listening to all the comments it seems like there are two camps – those that want to fund the Gondola and cut everything else, and those that do want to spend at some reasonable level with the possibility of using a special assessment to bring back the reserves eventually. Mr. Crosby said he personally in the latter camp. President Sharp said Mr. Crosby had heard both sides of it and put the whole issue into a few words. There are two camps, and somewhere in between this board trying to juggle that ball to find a happy medium. Nancy Orr said the board is doing a great job, but that they are doing more work than they need to. TMVOA is contracted to run the Gondola and is short approximately \$1 million. By contract the board can do a special assessment to fund the Gondola. Stephanie Fanos said the board is contractually obligated to fund the Gondola and if they are not bringing in enough money to do so, then there is an obligation to do a special assessment. Nancy Orr asked why that isn't being done. President Sharp said there are reserves. Nancy Orr asked why

the board wants to go into reserves when they legally they can do a special assessment. President Sharp said the reserves don't do any good sitting in the bank and that the board is trying to assess what a reasonable safety margin is. The board is trying to assess the risk/reward ratio. Penelope Gleason said she and her husband have paid a special assessment into other owners associations and told the board not to be afraid of a special assessment. As a business person, it is important for her to invest in her business, and she thinks it is the same for the community.

President Sharp said this is not the end of the budget debate. There is a Budget meeting scheduled on November 18<sup>th</sup>, and will most likely have 2 or 3 budget committee meetings before then. He asked if there was further board input. Stephanie Fanos said she wanted to mention the timing of a budget meeting legal notice. The board has to send out a notice 30 days prior to the budget meeting, which means the board needs to get a notice in the mail by October 16<sup>th</sup>. TMVOA is also obligated to have a budget for members to review. She asked the board to consider a date by which the budget can be posted on website. When budget committee is meeting they need to keep that in consideration because they will need to have the budget on the website well in advance of budget meeting.

- 5) **Consideration of Listing Real Estate Holdings for Sale** – President Sharp said in the budget discussions the board has looked not only at expenses, but also assets. TMVOA has substantial real estate holdings, including space in the Blue Mesa building, space in the Town Hall building and several empty lots. The purpose of this agenda items is to get a board authorization for Erin Neer to pursue a request for proposal to get some appraisals and some potential input on how TMVOA might approach selling the properties if the board wanted to. President Sharp asked for comments on getting out of the real estate business. Director Zemke suggested enlightening membership regarding the lots. He said he knows Blue Mesa commercial space and parking lot is a recommendation, as is the Capella Post Office switch; turning the Town Hall Post Office into commercial space. He likes that idea; he also likes the idea of holding lots 1003, and 1007/1008. Director Zemke thinks Lot C in Lawson Hill should be sold. Director Sweet warned about selling things since this is not the best real estate market. He asked about carrying costs and if TMVOA had to pay taxes on the lots. Erin Neer said that the total carrying cost for all the properties is about \$124,000 per year. TMVOA does pay HOA dues on the Town Hall Space, the Capella Space and the Blue Mesa space, with Blue Mesa being by far the largest amount at approximately \$35,000 per year. TMVOA does not pay taxes on the properties, the only taxes incurred are on leased spaces and the tenants are responsible for the taxes.

Director Greenspan said this is one of those philosophical issues, deciding the underlying goals of what TMVOA is. He doesn't think TMVOA should be in the real estate business, but there are certain things to look for in the future like lots 1007 and 1008, which TMVOA should keep. In connection with that, when you look at a space TMVOA helped build with the Town of Mountain Village, such as the Town Hall building, perhaps TMVOA needs to be more efficient with its resources and share that space, labor and communications. He agrees that the town and TMVOA need to have separate identities, but he doesn't know to what point. This fits right in with the whole philosophical thought of what TMVOA wants to focus on how that fits in with the budget and TMVOA's full scope of investments. Director Volponi said that TMVOA generates rental revenue from lot 1003, adding that \$25,000 is not the net cost. The TMVOA offices are currently in the Blue Mesa building, what if we rented space elsewhere? He said somewhere in the memo it talks about using the Town Hall space, but it seems that Town Hall is at capacity. Erin Neer said the ownership cost he listed in memo refers to the non-leased space, which is the cost of TMVOA's ownership. She added that he is correct, there is rental revenue generated from the lower floor that is separate from her analysis of lot 1003. She said she should have been clearer on that. The \$25,000 is just the carrying cost on Town Hall; there is also a small amount of carrying costs for the

Guest Services space. She said in regards to lease space the biggest savings is going to come from cutting down on office space. The current net office space is 4500 square feet with the two vacancies that are coming up. Ms. Neer said 1350 square feet would be sufficient. She said they could save money by renting space on the 2<sup>nd</sup> floor. Director Volponi clarified that the proposal would be to sell the entire building including the grocery store. Ms. Neer said they are open to any option and their realtor could entertain offers as they make sense. Director Sweet asked what TMVOA has access to at Town Hall. Erin Neer said the agreements read that TMVOA owns 1/3 of the second floor. Director Sweet looked for confirmation that there is no office space dedicated to TMVOA. Stephanie Fanos confirmed. Erin Neer said the main benefit of the space is the use of the audio/visual equipment in the conference room after hours. Director Sweet asked what the total cost of the HOA is. Stephanie Fanos said it is not a HOA, TMVOA and Town have a joint ownership agreement that govern the Town Hall space. The \$25,000 is a function of that joint ownership agreement and it includes the operations and maintenance of the Town Hall space. Director Sweet asked if that should equate to 4 offices. Stephanie Fanos said you'd have to engage with town regarding office space. She anticipates there being an issue because she doesn't believe there are any vacancies. Director Greenspan said he has had a conversation with Town and there are several possibilities. Director Sweet thinks this is a good opportunity to work together. President Sharp said we're not trying to make an economic analysis at this point, but rather are looking to see if there is enough support to authorize Ms. Neer to proceed. President Sharp asked if there was any public input. There was none. He said he would entertain a motion to authorize a request for proposal toward the end of selling property. Director Greenspan made that **MOTION**. Director Volponi seconded the motion. Stephanie Fanos suggested adding to the motion. She suggested also asking staff to develop a process to follow when disposing of assets. This is a very touchy subject and it is important to ensure the organization is protected from running foul of either the Nonprofit Corporation Act or the Internal Revenue Code. Director Greenspan amended the **MOTION** to include developing a process when disposing of real estate assets. Director Volponi asked if they should add some sort of economic analysis of the assets before they are disposed of. Stephanie Fanos said that is part of the process. Director Volponi then he seconded the motion. Director Riley said he shares the opinion that 1007/1008 should not be included in this process of the sale of assets. Director Greenspan amended his motion not to include lots 1007 and 1008 which is the reception center and gatehouse properties. Director Zemke asked for clarity. Erin Neer said as she understands it, the direction the board is giving the staff is to request a realtor proposal for the sale of properties including the Blue Mesa building, the Blue Mesa parking spaces and lot C in Lawson Hill; and within that proposal the staff would develop a process with legal council regarding the disposal of assets, which would include an economic analysis. Ms. Neer asked if the board would like to include in the motion whether to continue discussions with Town regarding the swap option with the Capella Post Office and the Post Office at lot 1003. She mentioned another question to discuss with the Town is whether they would consider selling Sunshine Valley and Timberview parcels to include in the request for realtor proposal and work jointly with the Town in selling property. Director Greenspan thinks the Sunshine Valley and Timberview properties should be on a separate issue, when and if the time comes. He does encourage the release of lot C in Lawson Hill. He added that he may have to restate his motion, but he wanted to be clear that the parking needs to be associated with the units at Blue Mesa. Director Greenspan made a **MOTION** to give Erin Neer the authority to start Request for Proposal process with the authorized staff to obtain Request for Proposal for real estate services to sell the Blue Mesa building in whole or in part with parking attached, and lot C at Lawson Hill. Director Zemke seconded. Director Sweet asked in selling Blue Mesa, does it include working with Town to pursue office space for TMVOA staff. Stephanie Fanos explained that the motion is only to seek Request for Proposal for real estate agents to sell those two properties. Director Sweet asked if the analysis portion was going to be a separate motion. Stephanie Fanos confirmed it would be. Director Sweet looked for confirmation that the whole appropriate process by which assets are disposed of will be in a separate motion. Stephanie Fanos said she thinks it would be

easier to do this in separate motions. The motion up for vote right now is for broker services. Director Sweet asked if setting value for property was part of the other motion. Stephanie Fanos said yes, it will need to precede the Request for Proposal process because, in the case of Blue Mesa you need to know how many units are being sold. Lee Duffey said he appreciates the board looking into these options. He suggests consideration, should this pass, if this is the best time to be exiting the real estate business. Selling now could result in a stronger deficit. Perhaps it would be wise to bet on the economy recovering in a few years and selling then. He said it's just something to consider, not a suggestion. President Sharp said that would certainly be a part of the process. Don Perrotta said the real estate brokers in Denver might have better exposure than the local real estate agents, which could yield a better return. President Sharp said he would assume TMVOA would get the maximum exposure. He added that if TMVOA were trying to sell some property, they would try to get best possible deal. Director Volponi said he assumes that part of a broker's response to a RFP would include how they would market it to the larger real estate community and so forth and that would be evaluated as part of the RFP process. Nichole Zangara offered an update from Town regarding office space. The Building Department is moving over to Town Hall, so the open office space is not currently available. Director Greenspan said the board was aware of that and it does still yield what is best for community as far as cost efficiency, space sharing and job sharing. But the board is very aware of the relocation program that is going on right now. Stephanie Fanos repeated motion: to give Erin Neer the authority to start Request for Proposal process with the authorized staff to obtain Request for Proposal for real estate services to sell the Blue Mesa building in whole or in part with parking attached, and lot C at Lawson Hill. President Sharp asked for a vote. The motion passed unanimously. President Sharp said he would entertain a motion to carry the process. Stephanie Fanos helped with the wording of the motion. She stated it as: authorize staff to develop process and criteria for determining the manner and method and recommendation for the ultimate disposition of Blue Mesa, Blue Mesa parking spaces and lot C in Lawson Hill in whole or in part including economic analysis. Director Volponi **MOTIONED**, Director Greenspan seconded. President Sharp asked if there was further comment. There was none. The motion passed unanimously. Stephanie Fanos said there was one more motion on the Post Office. She suggested authorizing staff to engage in discussions with the Town of Mountain Village with regards to the possible trade of space in the Capella Post Office and the existing Post Office on lot 1003 that is owned by the Town of Mountain Village. Director Zemke **MOTIONED**, Director Proteau seconded. President Sharp explained the motion to the public. Director Sweet asked Stephanie Fanos if anyone needed to recuse themselves for the vote. Ms. Fanos said Director Greenspan had to recuse himself. Director Greenspan recused. The motion passed unanimously with Director Greenspan recused.

- 6) **Consideration of Termination of Guest Services Contract** – President Sharp said TMVOA currently has a contract with MTI to provide Guest Services. One of the items looked at in the budget cuts is trimming Guest Services to a minimal amount. TMVOA has also talked with the Town about Town manning the Welcome Center and replacing other Guest Services stations with self service kiosks. He asked for board comment. Director Riley said he read Scott McQuade's letter regarding exploring a 3<sup>rd</sup> option and he would be willing to hear what Mr. McQuade had to say. He said there is trouble with timing regarding notice of expiration. Director Riley said he believes the board should go ahead and authorize the termination, so there isn't a problem with the timing, and then immediately enter into some kind of conversation regarding alternatives. He said there are two options for Guest Services, keeping it the same as last year, or adoption the changes President Sharp outlined. He added that it sounded like Scott McQuade has a third idea, but he doesn't see how the third idea will remove the timing problem. President Sharp said that is the issue; there is a contractual obligation to give 60 day notice of termination. He added that it doesn't mean that TMVOA would not be interested in hearing Mr. McQuade's idea.

Scott McQuade said his letter states a lot, but he has a long list. He talked about the program a bit, saying MTI is grateful that it existed for as long as it has, and they are grateful to have been able to provide Guest Services to Mountain Village this year. He said if you look at budget over the last 3 years, it has been cut back to half. Even in 2009, MTI voluntarily scaled back the budget to the tune of 16%. They decided to operate the program as proposed, and he feels that MTI did a good job. He understands the predicament TMVOA is in. He said there are convoluted funding mechanisms within MTI. Mr. McQuade said many people ask him who funds Guest Services in the Town of Telluride, and the answer is the Town of Telluride gives funding that Town of Mountain Village does not. Along with Town of Telluride dedicated space that MTI uses now that is a temporary lease, and has also promised dedicated information center in possible Clark's expansion. There is no dedication funding source in Mountain Village, and TMVOA has picked up the bill for a number of years. He feels it would be a tremendous mistake to cut the program completely, particularly to be replaced with kiosks. He said that the downturn has proven that we are a tourist economy and when you speak about RETA it's really visitors who buy real estate. Sometimes it is investors, but more often it is visitors who are amazed by the area. Mr. McQuade argued that Guest Services is a foundation, not a choice and removing it will have detrimental impacts. Signage can replace people, but at a cost. He said MTI provides steady referrals, traffic, and other benefits such as a greater communication that did not exist before. He believes there are options to entertain without replacing people with kiosks. It would mean a reduction in services, which he believes would not be detrimental; they can look at the overall schedule and key times. He added that the program can be cut by whatever percentage TMVOA decides, but he thinks 100% is a big mistake. Mr. McQuade said he can understand the concerns of the residents and the homeowners, but he does believe MTI is providing a vital service and cutting it would isolate Mountain Village further. He suggested that the board make a decision regarding the contract in this meeting and added that the more concrete that decision can be, the better it will be for employee morale. If the board wants to give MTI a percentage or tell them what they want to see, MTI would be more than happy to present that, and he thinks TMVOA would be surprised with what MTI can do. To replace people with signage or un-trained employees would be a significant detriment. He said MTI has offered to bring the board other budgets and can cut their services down to the bare bones. They have done the practices have been proactive and he urges the board to take into consideration.

Director Greenspan asked Stephanie Fanos if the board did choose to do another program, would they need to terminate the current contract and create a new one. Ms. Fanos said, to be safe, you would terminate this agreement and if the board and MTI were able to reach terms for a different program you would enter into a new agreement. Director Sweet said he thinks that Scott and MTI have done a great job but he thinks that the Town of Mountain Village and/or TSG could contract with MTI. He said it should not be TMVOA's responsibility. Director Zemke said he disagrees with Director Sweet. He feels having the services here is a direct reflection of people coming into town, experiencing town and probably as a result purchasing property. This has an effect on real estate value. Director Riley asked Stephanie Fanos if there was another option that MTI could agree to waive or change cancellation period from 60 days to, for example, 30 days. Stephanie Fanos said they could, but from her understanding the 60 day period is to allow MTI to gear up. She said the most prudent thing to do is exercise the right to terminate and then enter into new negotiations. Director Zemke said he is uncomfortable with the term termination. He would like to agree to amend the agreement. Stephanie Fanos said if it is the board's intent to re-engage in discussions to redo the contract with MTI, that is an option. But, if that is not the board's intent, she advises the board exercise the termination right. President Sharp said they can have intent to negotiate, but those negotiations might end up that TMVOA can't do anything. The board has heard from some constituents not to spend a nickel, and other constituents are saying spend the nickel. The board cannot make a decision to fund or not fund at this meeting in terms of the greater budget. He does not see a choice but to terminate. Director Sweet made a

**MOTION** to terminate the contract. President Sharp said he will take motion, but would like to continue the conversation. President Sharp asked if there was a second. President Sharp seconded the motion.

Director Proteau said his preference is to extend the contract if possible. He read emails and letters from merchants and residents alike who support the Guest Services program. He would like to hear more from public if possible. Director Volponi said he thinks it is a critical part of the Mountain Village experience. He said one way to improve real estate sales is if people come here and have a good/positive experience including Guest Services. The program may have to be scaled back for a few years, but he is not in favor of canceling the program, he would be much more in favor of amending it. Stephanie Fanos suggested the board move to terminate the contract according to paragraph 4.2, unless the MTI board votes to approve an amendment to the contract to amend paragraph 4.2 to reduce the number of days from 60 to 10 days. That would give the board the most flexibility. President Sharp asked if the contract has any amounts in it. Stephanie Fanos said the contract does say in years two and three, the party has the right to terminate if the boards do not agree on a budget, but it is still subject to 60 days. Director Riley asked Scott McQuade if he sees the dilemma the board is in. He said the board needs some flexibility. Director Riley suggested creating a two person committee to discuss this with Mr. McQuade starting Monday morning. He said Mr. McQuade's letter today asked the board not to cancel the agreement because he had ideas on how to make it work but it didn't mention specifics. Director Riley asked Mr. McQuade if the board terminates the contract tonight, if MTI could begin to meet with two board members to discuss this on Monday morning. Scott McQuade said he would be happy to discuss this further. He added that he understands the legalities, but he has a problem with the word terminate. Stephanie Fanos said the board can condition the motion. The board could say that it votes to terminate the agreement as pursuant to paragraph 4.2, unless by X date the MTI board has approved an amendment to paragraph 4.2 to reduce the number of days for the notice of termination from 60 days to 10 days. If the MTI board agrees, the board is not terminating, but amending the agreement. President Sharp addressed Scott McQuade, saying that does not help some of MTI's problems, but asked if it is a reasonable compromise. Scott McQuade said it would be helpful if the board said that their intent is to look at options. He said it would be nice to have a straw poll to know whether or not TMVOA is going through a practice just to say no 10 days later. He would like to see how the board feels, if they believe a reduced budget is better than signage. President Sharp took a straw poll, saying that it is not binding, but just to get a general feel for how many board members are in support of a reduced budget. All board members were supportive of the intent to continue a reduced Guest Services program. Director Sweet said he would amend his motion. Director Greenspan said the board needs to set a date. Stephanie Fanos asked Mr. McQuade when the next MTI board meeting is. Scott McQuade said he can get board via email phone, etc. He added that the next board meeting is not until October, but he can get something down quickly. He said one week's time would be plenty. MTI has all of the practices done so they can present them anytime. President Sharp asked Mr. McQuade what date they should put in the motion for his board's approval. Scott McQuade said next Friday, October 2<sup>nd</sup>. President Sharp asked Director Sweet to restate his motion. Director Sweet asked President Sharp to state it, but that it would be his motion. Stephanie Fanos stated the wording of the motion as: **MOTION** to provide notice of termination of MTI Guest Services agreement effective as of October 5<sup>th</sup> (send out notice on October 5th, which would start the 60 days) unless by October 2<sup>nd</sup>, the MTI board has approved an amendment of paragraph 4.2 of the Guest Services contract to reduce the number of days of notice required for terminations from 60 days to 10 days. Director Riley made the **MOTION**, President Sharp seconded. Director Zemke abstained. The motion passed unanimously. Erin Neer asked President Sharp if the board intended to form a committee to work with Scott MTI. President Sharp said yes. He added that he will be absent for the next week or so. Director Volponi said he could participate, but will not here Monday and Tuesday. Director Riley said he would be able to help. Director Greenspan made a **MOTION** to authorize

Director Volponi and Director Riley to engage in discussion for future Guest Services agreement. President Sharp seconded. The motion passed unanimously.

- 7) **Ecosign Contract / Scope of Work** – President Sharp said this budget item is to determine if TMVOA should ask Ecosign to provide more information. This request came from Director Riley who feels Ecosign should provide more information on the number of acres of land it would take to fulfill suggested build out of suggested number of beds. Erin Neer has sent out all Ecosign reports, contracts, etc. to all the board members. He hopes everyone has had a chance to review. President Sharp said particularly in light of discussions that came out of the visioning workshop meeting, there are variables, and he personally thinks TMVOA is asking for something that cannot be delivered. He also feels that TMVOA did not engage Ecosign on a fixed cost contract, and they were paid for their work as they went along. He does not see that they owe TMVOA anything now. He added that if the board asks them to do additional work, they should be prepared to pay for it. He also mentioned that the Visioning Committee is talking to Ecosign about providing additional data and he doesn't see that the board needs to jump in there at this point and perhaps it is the responsibility of the Visioning Committee. Director Greenspan said he concurs, there is a group moving forward that is working hard on the task force to come up with some sort of vision and they have the direction they need to be going. Director Sweet said he agrees with both President Sharp and Director Greenspan. TMVOA is not in a position to incur more costs. He also feels the money TMVOA spent has laid the foundation and the raw material and information for that task force to work with; if they want to seek more details from Ecosign then they can do that. But TMVOA has done its part, and it is time to step aside and let the task force take the lead. Director Riley disagreed. He said he doesn't understand the rush to pass it off; TMVOA undertook this and spent the money to understand what it would take to make this village work and be economically viable and sustainable. He sees two primary reasons why TMVOA needs to continue to work with Ecosign. The first being that the Comprehensive Plan Committee has questions that Ecosign can help answer that were not anticipated earlier. As these questions come up, Director Riley goes to the deliverables that the board has, and finds that that raises more questions. The way Ecosign has presented the material leads to confusion, for example the number of acres that will be needed for development. He said there is confusion in the Ecosign reports about whether we're talking about pillows or units. Director Riley said there is conflicting information in Paul Matthews' conclusions and recommendations. He feels there are questions that still need to be answered within scope of work that we asked for. He also thinks Paul would be happy to answer the board's questions, and he does not think will cost hardly anything because these are small, but important, things. He said he doesn't come from the frame of mind that TMVOA needs to distance itself from this, but rather the board needs to stay engaged. TMVOA brought Ecosign and Paul Matthews in to learn what needed to be done to make Mountain Village great. If there are any questions for Paul Matthews to help TMVOA understand what to do to make this a great place. He doesn't see this as an expansion of scope or a big cost, but feels it is the responsible thing for the board to do. Director Riley recommends that he and President Sharp continue to work with Paul Matthews to flush out the answers to the questions that remain. He would also like to be able to ask for Mr. Matthews advice if questions come up on the task force. Director Volponi asked Director Riley if any of the answers he is seeking is duplicating task force's efforts. He also asked if the task force is hiring Paul Matthews to provide more information. Director Riley said the task force does not have a contract with Mr. Matthews. Director Volponi said he recalled from Paul Matthews' presentation that some of the questions were outside his scope. He asked what his hourly rate would be to answer these questions. Director Riley said he thought Mr. Matthews' fee would be tiny. Director Proteau said he agrees with Director Riley. There was a lot of detail in the report that wasn't reflected in a quantitative way on the planning side of things. He thinks that one could make the questions simple so that Mr. Matthews could put the data with actual maps and plans. Director Proteau saw a disconnect that he feels Mr. Matthews' could connect fairly easily. Director Sweet asked what the cost for this would be. Director Riley said he

would be surprised if it was \$5,000. President Sharp said that it is his understanding that the Town has approached Ecosign for a quote on some work along with EDAW. He suggested the discussion be tabled until the situation between the Town and Ecosign is clarified. Nichole Zangara asked for confirmation that Ecosign received most of their information from EPS and added that EPS is contracted with the town and is working closely with EDAW. She also asked whether or not EDAW is working the Comprehensive Plan task force. President Sharp said he doesn't know how those contracts have gone, but he doesn't think that there should be two entities working on the same project. He again suggested tabling this until there was some clarification. Director Sweet said he needed to jump off call and asked if they needed to vote on this or if it could just be tabled. Director Riley said he knows a bit more about this. The questions of whether or not Ecosign does any work for the Town relates to sub area planning. Sub area planning is the phase TMVOA never contracted Ecosign to do after having conversations with Ecosign two years earlier. He said he thinks it is irritating everyone that this gets put on the agenda every month and all he is asking for is to get questions answered and get clarification on ambiguous things that should have been done on this project. He feels that Paul Matthews would be happy to provide that information at a low cost. He said he doesn't understand the idea of shutting this down, if this were another consultant, like a tax accountant, this would not be a question. Director Greenspan said he does not have problem with this as long as it does not cost a dime more. Director Volponi suggested setting a not to exceed amount. Director Greenspan said this has dragged on too long. He respects what Director Riley is trying to get to, and he's probably right, TMVOA probably did not get what it paid for, but that was the task at hand. Paul Matthews delivered and TMVOA accepted what he presented. He added that to continue this on a regular basis is out of the ordinary and there has to be closure. He said all the information has been handed over. Director Greenspan feels that after going through the budget discussion at this meeting, it isn't fair to then put more cost on this project because TMVOA wasn't clear with what it wanted. He said he would be less hesitant if he had a number in front of him of what this would cost and a list of questions that would be asked. Director Zemke suggested giving Paul Matthews a list of what the board wants and see how much it will cost. He said he needs a number. Director Riley said put a number on it. Director Greenspan said his number is zero. Don Perrotta said if you're asking for clarification on information that has already been paid for, there shouldn't be a cost. Mr. Duffey said he ran a consulting business for years and it sounds like the board has a few questions and items that need clarification. Given the contract, which was substantial, and given the effort put into this, which was extensive, and the potential for them to get additional business out of it, which is apparent, go back to the consultant and say the board needs clarification, and doesn't have a budget for it - just pick up phone and make the call. He said if a consultant demands more money to answer a few question on a \$600,000 contract, then the board needs to move on. But he thinks Ecosign will answer the questions with no charge. Director Proteau would like to be able to authorize Director Riley and President Sharp to put the questions in front of Mr. Matthews and see what he says and take it from there. President Sharp said he could accept that. But if they are asking him to redraw graphs and maps, since they have paid Mr. Matthews on a materials and time basis he could choose to charge them. He said he could go along with a scenario where they cap and further expenditures at \$5,000. Mr. Duffey said if the board is looking for clarification of existing work, there should be no cost. President Sharp said that there might be more costs since what they are asking for would require more computer work. Don Perrotta said it is deficit spending, and asked if the board has been listening to what the members have been saying. They do not want to spend any more money and now the board wants to throw \$5,000 at this guy. He added if you don't ask, you don't receive. If you don't say, as a professional courtesy, we have some questions about the work you have performed, we expect you to answer them and we don't have the budget for it, Mr. Matthews doesn't have the ability to say yes. The board is just assuming he will say no. He does not understand the logic. President Sharp said that is a good point, to get something for nothing. Don Perrotta said it's not something for nothing; the board has already paid him a significant amount of money. Chuck Horning said he attended a work session two days ago in town and they are considering additional work,

but that's in a different pile. TMVOA spent a lot of money to improve the quality of the investment the owners made here. He feels that if the board approaches Mr. Matthews correctly, he will answer their questions and clarify things out of a professional courtesy. He feels the board owes it to the members to get the best report possible for the money spent. President Sharp said he wanted to take a straw poll, if the board can go back with some questions, with no added expense, he sees no reason not to do it. Director Sweet said that was his suggestion. Director Volponi made a **MOTION** to submit a list of questions to seek clarification on information provided and any ambiguities at no additional cost. Nichole Zangara made a recommendation to take the list of questions and hand them over to EPS because they may be able to answer some of these questions. President Sharp said EPS supplied raw data, but Ecosign was responsible for the analysis. Director Greenspan seconded. The motion passed unanimously.

- 8) **Consideration and Review of the 2009/2010 Operating Plan for Station Recreation** – Director Sweet asked to make a **MOTION** to approve. Director Greenspan seconded. The TSG board members abstained. Director Sweet asked President Sharp for clarification. President Sharp said this has not been operated for the last two or three years. This plan states, there is a contract that specifies it should be operating at certain hours with a flexible start time to 7 pm. He asked Stephanie Fanos if the board can talk to TSG about this. Ms. Fanos said yes. Director Riley said in the next meeting Elizabeth Howe can come in and make a presentation that way the TSG board members aren't involved in the discussion. Stephanie Fanos said that was a better idea. Director Sweet withdrew his motion. Director Volponi made a **MOTION** to continue this item to the next meeting. Director Sweet seconded. The motion passed unanimously. Lee Duffey asked what this is. President Sharp said it was the tubing hill and TMVOA is involved because the funded the installation of the lights. TSG is required to submit an operating plan yearly and TMVOA has sent them a notice of default.
- 9) **Consideration of Proposed Policies** – (Tabled to next meeting at the beginning of this meeting)
- 10) **New Business** – Discussion regarding Mountain Munchkins. Stephanie Fanos spoke regarding process and said the board cannot discuss this item outside the meeting, however if they are just circulating a unanimous consent for signature, that is another issue. Director Riley said they have heard from public and told them they would return to this item after the budget discussion. He proposed having a brief discussion amongst the board members. President Sharp said that he has always said that after the boards obligations, investing in infrastructure is the best use of money since it pays dividends for years to come. He said this is a Bricks and Mortar project and it comes back to whether or not the board wants to dip into reserves. President Sharp said he would vote for it. Director Riley said he thinks it is a great project and he is in favor of it. It's \$30,000 and they have done an astounding job of getting other partners. He agrees that this will pay dividends for many many years as it pertains to the family life of our employees and being able to attract and retain good people to work here. Director Volponi added that it has a direct impact on the people who live here. Director Zemke said the numbers speak for themselves, if there is that big of a gap for the service in the community, he is for it. Director Proteau said he did not want to say no, he's prepared to say no to other discretionary spending, but not this. He added that it goes back to community. Director Riley made a **MOTION** to approve, Director Proteau seconded. Stephanie Fanos asked if the funding was for this year or next year. President Sharp said this year. Ms. Fanos said there needs to be a motion to amend the budget too. Director Riley amended his motion to amend budget and approve the \$30,000 expenditure on the Mountain Munchkins preschool program, Director Proteau seconded. President asked if there was discussion. The motion passed unanimously with Director Greenspan and Director Sweet absent.
- 11) **Adjournment** – Director Proteau made a **MOTION** to adjourn the meeting, Director Zemke seconded the motion. The meeting was adjourned at 8:03 pm.

**MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
OCTOBER 16, 2009**

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Jim Riley, Brianne Hovey, and Stephanie Fanos

**STAFF EXCUSED:** Erin Neer and Leanne Hart

**OTHERS PRESENT:** Ron Brumley (Telluride Web TV), Catherine Jett, Kate Rideout (MTI), Scott McQuade (MTI), Meehan Fee, Dean Rolley, Sonchia Jilek (Pinhead Institute), Stephen Barrett (KOTO News), Nichole Zangara (TMV), Paul Major (Telluride Foundation), Paolo Canclini (La Piazza), Greg Sparks (TMV), Elizabeth Temple (Telluride Film Festival), Kate Wadley, and Krissy Webster (Telluride Film Festival)

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- 1) **Call to Order** – President Sharp called the meeting to order at 1:03 pm.
  - 2) **Discussion of 2010 Proposed TMVOA Budget Draft** – President Sharp addressed the differences between the first draft of the budget and the current budget highlighting Guest Services and a Group Sales Manager. He then called on Director Riley or Director Volponi to provide further input. Director Volponi explained that they met with Scott McQuade regarding the Guest Services program including airport stations, Oak Street, and the Mountain Village entrance. Scott McQuade and MTI have previously presented the board with several options regarding Guest Services. Director Riley added that the Budget Committee had met and discussed these options with Scott McQuade. President Sharp explained that MTI had three options and their respective costs; the Budget Committee decided to pursue option A with a presence in Montrose Airport. He added that they would like to pursue assistance with this cost through the City of Montrose. Director Volponi asked if Scott McQuade could explain version A. Scott McQuade explained how MTI looked at the whole budget. They looked at the status quo, which is what was initiated this year with existing budget cutbacks, and used that as a starting point. For each of the three options proposed MTI looked at every station and its importance and then cut back on non-peak times. In all three versions, the summer and winter dates exclude shoulder seasons. MTI did cut back significantly, but will still be able to provide assistance to visitors. Version A cuts 60% off the original budget, and almost 50% off the slimmed down budget from 2009. While version A does cut back on costs significantly, MTI did their best to keep as many stations as possible in play. One way they are able to do that is by seeking a public partnership with Montrose, both with the airport and CBC. [Director Proteau arrived at 1:11pm.] They left Montrose in the plan because it is one of the most frequently visited stations with the majority of questions about Telluride in the winter. In the summer questions shift dramatically and are not related to Telluride, so the station will be pulled then. Version A also keeps the Mountain Village Entrance Gate in

play. Town Hall will really be the most useful station in the Village, and it may move around this winter to capture as much guest interaction as possible. Director Zemke asked about Montrose presence. From his experience, Guest Services is a person standing behind a table and it seems like an afterthought. Scott McQuade said it often seems chaotic and there are times when many flights come in at one time. Part of the problem is the dysfunction of the airport, which is not big enough. When visitors encounter problems the airlines' desks fill up as well as the rental car and shuttle car desks. The Guest Services station acts as a buffer to get people set up. Mr. McQuade said a lot of the questions are transportation related; people land and think they are in Telluride. The station is the first touch point and MTI feels that is important. He added that they would like to get as much public support and participation as possible. The ultimate goal is to back that kiosk out of TMVOA's responsibility. Last winter there were over 6,000 people who visited that station. Director Greenspan asked for clarification regarding public participation. Scott McQuade said MTI would like to see participation from the airport, the Air Organization and the Montrose CBC. He believes he can get a good portion of the funding down the road, but maybe not all of it. Director Riley asked about the \$198,000 shown under the line item on the proposed budget, but the total for version A is \$165,000 assuming a 20,000 credit. Even if you added the \$20,000 credit back it would be \$185,000, Director Riley asked where the \$198,000 figure came from. Director Volponi asked if it was a math error and if it should be \$185,000 before a \$10,000 contribution that would bring it down to \$175,000. Scott McQuade said it should be \$185,000 with a \$20,000 contribution. Director Riley said that on page two of the budget it says \$198,000 and it should say \$185,000. Brianne Hovey said the reason for that was because the actual schedule for Guest Services includes the potential to fund parking. Director Riley asked how certain it was that there would be a \$20,000 credit. Scott McQuade said not that certain. Director Riley said he thinks the \$20,000 should be added back in and then work to get the credit. President Sharp clarified that the line item would be increased to \$218,000. Director Zemke said there is a sizable difference between version A and version C, and asked Scott McQuade to explain what the difference would be from a visitor's perspective. Scott McQuade used an example of a winter visitor coming into Montrose on a busy day. The first personal encounter may not happen until a visitor goes into the plaza or Oak Street to get information regarding Mountain Village. Mr. McQuade thinks Oak Street is a lifeline and it sees the largest number of visitors, most of whom ask what is on the other side of the Gondola. This is question comes up most in the summer, however even in the winter people ask about restaurants and shopping in Mountain Village. There is the ability of a visitor's first interaction being at Town Hall, but it fairly minimal as far as touch points go. President Sharp commented about people thinking that they were arriving in Telluride; he said he had once called United and booked a ticket to Telluride and was sold a ticket to Montrose. Scott McQuade said it comes up and it is a dilemma but it's a catch 22 because if you pull Telluride off the airport name then people do not associate Montrose airport with the Telluride experience. He added that it does however provide confusion. President Sharp said it is easier to keep a customer than it is to go out and find a new one and that's really what the Guest Services is all about. He then asked for public comment. There was none.

President Sharp asked Scott McQuade to lay out his personnel dilemma to the board. Scott McQuade said several employees' last day is this weekend with the closing of the Gondola. There is a lot of uncertainty for these employees as to whether or not they will be returning to a job. He said a decision sooner, if not today, would be better. He would love to have employees leave town knowing that they have a job to return to. If a decision is not made until November then there is only two weeks before season starts and he doesn't want to lose people due to uncertainty or to make people wait to know if they have a job. The sooner MTI knows what the budget will be, the better. President Sharp asked Stephanie Fanos if the board can attempt to provide an answer without passing budget. Stephanie Fanos said yes, primarily because there is an existing contract in place.

President Sharp pointed out the next line item is titled "Group Sales/Conferences Support" and is the single biggest line item in the discretionary budget. He said that this item came about from conversations between President Sharp and Director Riley about spending money that could immediately have an impact on the economy. He said TMVOA has been providing funding to events and festivals without much knowledge of a return on investment. President Sharp said they are essentially proposing to find the best meeting planner/sales person and bring them to Mountain Village. This would be someone who knows the business, is very well skilled, and has a Rolodex of contacts to bring in conferences and groups. The number is big because if it is worth doing, it is worth doing right. President Sharp said he has spoken with Scott McQuade about having this person be on the staff of MTI. The details have not been figured out, but the concept is being developed. Director Riley said he feels strongly that with the Capella, Lumiere, and the Peaks open with a great conference center that is not performing due to a lack of resources. The budget that has been created is enough to hire a really good person and support that person with the resources they need to perform well. He believes that this investment should continue, that would be his hope. This is one investment that TMVOA will be able to measure the ROI. The person in the role would need to coordinate with the hotels and conference center to see results. He said it is a lot like the new regional marketing system with MTI, TSG, etc to make sure that there is no overlapping. Director Zemke said he agrees with sentiment. However, this is a large sum of money, and he wants to know if the budget committee discussed the proportions of this item and how the money will be disbursed. He said he would hope that some the money will be used for marketing and pulling people in from the Front Range. President Sharp said they have not gotten into the details but that they envisioned a well-paid person with a budget to travel and bring people in. He referenced when Director Zemke's wife brings people in, she has only ever lost one person once they have visited. The Budget Committee has not fought through the details, but picked a number as a placeholder to get the conversation going and see if there is interest there. Of all of the money TMVOA could spend on anything, the board will not have to wonder what the return is because it will be easy to see the ROI. Director Sweet asked about the total dollar amount. President Sharp said \$250,000. Director Sweet said he has seen this topic, and has no problem with the idea, he has seen it happen many times in the last 10 years. He said there are so many challenges to make this work. It's not a bad idea, but the timing is problematic. He feels it will be two years before you'll see this work. Director Sweet thinks this is outside TMVOA's mission and should be done with tax dollars and by getting the lodgers involved. He said it is not a bad idea but he does not feel this is a good way to handle it and he thinks there will be a lot of push back from the members. He would love to get feedback from the lodging community and see how this isn't a duplication of their own sales efforts. Director Volponi said he agrees with what Director Riley said, that this is the single biggest thing that TMVOA can do. Each hotel has own marketing team, but you need to get involved in the destination sale and need an entity that can bring together a community effort with the hotels. You need a person who is constantly going to meet meeting planners and this person needs to work towards a year round resort. He said there are times of the year when it is hard to attract people to Mountain Village and that affects businesses and residents. Director Volponi feels it is an appropriate use of funds and it will be a several year commitment. Director Proteau said he had a conversation with two residential members who said that the Conference Center is underutilized. He said this is the kind of thing that has a ripple effect. Someone comes for a conference and they come back for a visit, or they pass along the experience to someone else. Director Zemke said he has a limited perspective, but his understanding is that you need to spend money to make money. He loves the events and festivals, but isn't sure they have the same effect. Payout in the long run will payoff far greater than to continue to throw money at events. Director Volponi said another thing to consider is the future impact on real estate and that is beneficial to everyone. Director Greenspan said he doesn't think there is a merchant who would not support this. But he wants to make sure to keep the balance, that when you bring someone in to look at hosting a meeting in Mountain Village there is a product here that this person can sell. His concern is that losing events could impact the product this person would be selling. Director Sweet asked if Scott McQuade is still present.

He asked Scott McQuade if Margaret Crusavalle was involved in this type of sales and how long she did it and who is doing it now. He's not against it, but wants the history. Scott McQuade said three and a half years ago when he came to Telluride TMCVB, which was directly related to Conference Center, had ceased operation and was MTI re-formed. When MTI was re-formed there was a specific funding source for TMCVB to do group and conference sales, in addition to the lodging taxes in Mountain Village, and that direct funding line item went away. He came in with a group sales department, but no way to fund. In that time Mountain Village contributed some funding but with no particular contract or funding source and the line item became a marketing line item. Mountain Village continues to contribute to the marketing but the amount fluctuates. In 2005 there were three sales people overseen by a Director of Sales, and they kept that mechanism in place. The funding mechanism is not there or isn't stable, it fluctuates between \$60,000 and \$80,000 per year, which is basically enough for one employee with a few trade shows squeezed in. He feels they have had success even with the limited budget. Last night solidified that for him, with 30 meeting planners from Meeting Professionals International checking out Telluride. After Mr. McQuade introduced the mayor, a person from St. Petersburg, FL took him aside and said the first thing he did upon arriving was pick up his cell phone and call two clients and say "I have the next place for you". He said after leaving the hotel, several bars were filled and a group was gathered around the fireplace. Mr. McQuade said as he was walking around the core, he realized this is what this is about. It creates vitality. He said when he took the Gondola back to town, there was a lot of activity in the Village, where as in Telluride a lot of things had shut because the hotels didn't have guests, but the Core was still going. He said that is a little background of what MTI is doing and they are doing the best they can with the resources available. Director Sweet asked if MTI focused their group sales efforts on Mountain Village and conference sales. Scott McQuade said 95% of groups go to Mountain Village for accommodations; MTI is highly focused on corporate market and they are looking for larger hotels. He said there are a few exceptions when people will say they want to put a few people in Telluride. Director Sweet asked if Mr. McQuade would support exactly the kind of budgeting and funding the board is proposing. Scott McQuade explained different things MTI has tried in the past. The most productive technique is having sales people out there, as well as bringing people in. This weekend is a prime example, but you cannot always do that, particularly during the peak season. With MTI's efforts, 2007 was the best year for hotels and conferences with staff of three on board. The more people involved, the better the return. Director Sweet asked if there wasn't an effort to replace Margaret when she left. Mr. McQuade said he wasn't there when Margaret was but his understanding is that she was the Operations Director and Jessica Taylor, Monica Bowman and Shad made up the team of three and they each had different concentrations. Director Sweet said it's not like this hasn't been done before and he is concerned as to why group sales vanished and is now becoming TMVOA's responsibility. He suggested match funding this item with Town of Telluride and other entities like TSG who would benefit. He has a hard time accepting that TMVOA gets tagged to solve problems with its limited resources. The problem is shared by many and the solution should be part of a group effort. Director Riley said it is not TMVOA by itself. The ski company has four people on staff to do this. Director Volponi said the Capella has people on the east and west coasts as well as people here working on group sales. Director Riley said no one is putting this on TMVOA, TMVOA is actually recognizing it as an investment that will help the economy here. He said a destination like this will benefit from a person who will stay here and who will have the resources. MTI is the best organization to do so. TMVOA wants a person to sell Mountain Village. Director Riley suggested forming a subcommittee with MTI to develop a plan for accountability and an agreement for how the money is to be spent. He said much like regional marketing meetings, there would be many people involved to coordinate efforts and get results. Any remote mountain destination has to be good at this, and we're not good at this right now. Other destinations put their resources into group and conference and fill in the gaps with FIT. He said people are angry over the empty conference center and this is the way to fill it. He said he hears people ask why we need more hot beds if the ones we have aren't being filled. He said everything that can be done to increase

occupancy at the hotels should be done. Director Riley said the Summit of Early Childhood Education that was in town a few weeks back is an example of exactly what this resort needs. President Sharp said that until we can demonstrate the ability to bring groups in during the summer, a developer is not going to come in to Mountain Village to build another hotel to sit empty. He addressed Director Sweet, saying that his priority is to put excess TMVOA funds into brick and mortar. He added that this is a special period and if TMVOA is going to spend any money on Economic Development, money is best spent in this area. Director Sweet said he is not against group sales, he loves group sales, but if it is in the budget the board is going to need a solid justification to the members and there needs to be an illustrated road to result. He added that if the members agree to this, the money needs to be spent very carefully. President Sharp said the board would not write a check and walk away; there would be vigilant oversight on how the money was being spent. Director Volponi said there would be a budget, etc. in order to measure results year after year. President Sharp added that he agrees with Director Sweet that this operation should be a joint deal between the ski company and the hotels. President Sharp asked Scott McQuade if TMVOA goes down this road, if the Peaks comes on line and with the Capella up and running, does that change how well the region will to sell to groups. Scott McQuade said it depends on the groups you're selling to. It was interesting regarding Google, some people said they should not have gone after Google because they were too big and it wasn't going to work. Mr. McQuade said it was pushing the limits of the ability to host such a large group, but we were very close. He said the Room types are not consistent, which can be a problem, but if you get them here, chances are very high that you will get the group. In the same respect, using Google as an example, they were looking for a 5 year contract. They did not sign a contract with the destination they went with, and he thinks we may see them again. He added the more activity we create, the more reason the hotels have to add bed base and work on updates. He said unlike other destinations, group business does not make up the majority of the business in the region. He said Telluride does have a really healthy FIT business and if we can get groups, we'll be in very good shape. Director Zemke said there is a good test group coming up with the world cup, which is expected to have 150 to 200 people coming through town. He thinks we are headed in right direction, but could certainly put more grease in the wheels. President Sharp asked for public comment.

Stephen Barrett (KOTO), noticed regional marketing zeroed out, he asked if it is correct to relate that to group sales. Director Riley said that basically a combination of several things TMVOA supported such things as a website for MTI, regional marketing, as well as a video. He said you could correlate the two, but this is clearly a different scope of work. This is purely for group and corporate sales, where as the money last year went towards one off projects. Stephen Barrett asked if in creating this item, the board is thinking about shifting resources. Director Riley said some of the projects were a one time only expense, such as the website. And in lieu of giving MTI money for regional advertising, TMVOA is doing group sales. He added that it's simply coincidental that dollar amounts are close. President Sharp asked if there was further comment. President Sharp commented that the draft budget from this meeting will be posted on Monday for public comment and review. The final budget meeting will be on November 18<sup>th</sup>. There will be additional revisions and conversations between today and November 18<sup>th</sup>. What comes out of this meeting is by no means final. Cath Jett said that she thinks this is a good idea, and with Scott saying that 95% of groups stay in Mountain Village, she asked if, by adding this budget item, the board is saying that they are not doing a good enough job. President Sharp said no, they are not going to duplicate efforts; the Budget Committee hasn't gone into detail and are at a conceptual level on this. He said Scott McQuade was at the last Budget Committee meeting to discuss if a concept like this would integrate with what MTI is doing. Right now, the Budget Committee envisions MTI as the facilitator. One concern the committee did have was of the different sales people (hotels, MTI, etc.) going after the same groups independently. He added that there is already a cooperative effort and that would be continued to make sure multiple people were not calling on the same accounts. Cath Jett asked if the individual they are looking to hire will be on

Scott McQuade's staff. President Sharp and Director Volponi said yes. President Sharp asked Scott McQuade to address current level of cooperation. Scott McQuade said MTI acts as the cooperater of efforts between the different lodgers. MTI meets with the lodgers regularly to discuss group sales efforts and has been bringing the lodgers to trade shows. The idea is that MTI would be able to do more of that. They'd be able to have a bigger team. They'd really be able to ramp up and expand the group effort. President Sharp asked if there was further comment.

President Sharp said he jumped immediately to those two items because they are the most significant changes. President Sharp then commented on RETA receipts. He said there is no reason to assume that RETA is going to get any better. Assessments are not going to change significantly either. The Revenue side of the budget, TMVOA does not have much control over, and there is no evidence of the current levels changing soon. In Operating Expenses, the Management and Administration costs have not changed since last meeting. He commented on the Gondola, saying the budget is not cast in concrete. There are labor reductions in the Gondola budget but they are almost completely offset by employee benefit cost increases. President Sharp made sure everyone understood the number for the line item is based upon the late night extended hours. It does not however, include the extended two weeks at the end of ski season. He added that the committee has a joint meeting with Town and the transportation committee, as well as input from the last board meeting, everyone seemed pretty adamant that extra hours are necessary. He said he was looking for comment from the board. Director Proteau asked about the dates at the end of the season. Director Greenspan said there were several ideas to extend into off-season. President Sharp explained that the ski area and lodgers benefit, and said that they cannot sell to groups without the extended hours. Director Greenspan said it is important in the future to look to shorten the off seasons. Scott McQuade asked if the Town of Telluride helped to fund a portion of Gondola operations. Stephanie Fanos said the Town and the County have an agreement to do that in the fall off-season. She added that there was a request for increased funding due to an increase in operating costs and the Town of Telluride rejected that request. President Sharp said he was almost certain the Town of Telluride had zeroed out the Gondola funding. President Sharp moved onto the Events line item. He said the total Events budget is \$233,500. The events involved are: Telluride Gay Ski Week, Sunset Concert Series, and Telluride Festival of the Arts. President Sharp asked Stephanie Fanos to address the Telluride Festival of the Arts because she has been involved in negotiations with Cherry Creek Arts Festival to bring this line item to zero. Stephanie Fanos said she has been in conversations with Cherry Creek regarding TFA. She said she is confident they can work out something that is well south of \$90,000 and realize a significant savings. She added that since the negotiations are ongoing she did not want to go into a lot of detail at this time unless the board went into executive session. Director Volponi asked if canceling was an option. Stephanie Fanos said there are many options. Director Riley asked if the board could go into executive session at the end of meeting to discuss. Stephanie Fanos agreed. President Sharp provided some background information. He said TMVOA has a three year contract with the Cherry Creek Arts Festival, the board is faced with the dilemma of producing at \$130,000, or to cancel but pay a penalty of \$43,000. President Sharp said Gay Ski Week has been acknowledged as putting a lot of people in town. The consensus of the Budget Committee is that TMVOA can expect decent return on the event. President Sharp moved forward to discuss the Sunset Concert Series; the line item shows a number of \$50,000 as place holder. He said the board has received many emails in support of and against this event. More in support than against. He said this is something that is hard to see the economic benefit, other than that of a few merchants. The other argument is that it is a benefit for the residential owners. Director Riley said he thinks this spreadsheet might have an error because it shows he is recommending spending \$50,000 and he is not. He is recommending doing the event at no cost through the staff working on sponsorships and the potential of charging a nominal fee. He wants to restructure the event. There might be a need to have fewer concerts and to only put them on at high peak times when the odds are better to create a revenue stream to pay for the event. Director

Greenspan said this is one of the more heavily debated topics. He feels that there is a need for a redesign of the event, but recognizes that this event gives Mountain Village an identity and it is tandem with Group Sales conversation. You have to have something to sell. He is really concerned that by eliminating activities you are eliminating identity. He added that the place holder of \$50,000 was not there 24 hours ago. He said he doesn't have a problem with charging a nominal fee for the concerts. In order to do that you have to go through a whole process with the DRB to make sure there are no challenges from community. It's not as easy as putting up a fence. He feels if TMVOA does that they will lose the entire event and it will collapse. Director Greenspan is in favor of going after sponsorships and graduating to a ticketing system. He added that \$50,000 is not enough, but it is a start. Director Proteau commented along the line of Director Riley's comments. There are ways to continue without expense. He feels it is a great place for homeowners and residents to socialize. With more of a local band or more sponsorships, it could still be a good event for homeowners. As far as conferences, conventions, etc. that come to town bring in entertainment on their own. He thinks there are plenty of things to do in the area like hiking and fly fishing that still provide positive experience. Director Zemke said he is encouraged by what staff did last year with getting sponsorships and thinks it was a great start. He has spoken with local bands and knows they would love to play on a bigger stage like that at the Sunset Concerts. He thinks there could be more of a local flavor and that would cut down on costs. Director Zemke disagrees with Director Greenspan regarding timing to start charging for the concerts. It is October and there is time where TMVOA could charge a gate by next summer. It is possible. He wants to see a business model. He added that he liked Bingo's comment in his email, that the concert is the place to be on Wednesday night. Director Volponi said he thinks the concerts are important and he is glad to see that they were not eliminated. He added that the concerts do add vitality to core, but the reality is there are limited funds. He believes it is important not to eliminate the Sunset Concert Series entirely but there needs to be a compromise. He hopes there can eventually be a combination of free concerts and paid concerts. President Sharp explained how the Budget Committee arrived at the numbers. The committee went through the same process of rating A-B-C. President Sharp said he picked the \$50,000 number as a place holder as it was the middle of the road in terms of what board members had said they wanted to see for funding. He said this is a hot topic and asked for public comment. Director Sweet said he concurred with Director Volponi's comments. Dean Rolley said he has a vested interest because he has run the sound for the concert series for the last 6-7 years and he of course wants to see them continue. He added that he would volunteer his services on his own dime to figure out a way to keep them going. A lot of people from Telluride only come up to Mountain Village in the summer for concerts. He said there probably are a number of people who would chip in, and thinks maybe admission should be charged at the bigger shows. He believes it is important to keep the concerts going on a weekly basis. He thinks money can be saved by going local with some bands and, while he doesn't know particulars of staffing, suggested streamlining. He suggested the possibility of businesses setting up tents with merchandise as a way for the concert to have an economic effect on more Core businesses. Mr. Rolley said he would like to be kept in touch with regarding the concerts and would hate to see them disappear. President Sharp said one of the avenues TMVOA might be able to pursue is with a lot of volunteer effort. He added that he has had people contact him saying they would be happy to volunteer. President Sharp said the staff has done a great job searching out sponsorships, but the reality is that they don't have the time to make this priority number one. He agrees with the concept that TMVOA should be able to put this together through sponsorships and donations. He also mentioned that they ran a survey last year and it showed that half of the people come up from Telluride. Additionally most people indicated a willingness to pay a certain amount. President Sharp said that one of the members who has experience in the music business went to the Sheridan and they said they could put each concert on for as low as \$10,000 per concert. President Sharp asked the board what to do with this line item. He had arbitrarily placed \$50,000 as a place holder. Director Riley said he still is on \$0 and would like to see it happen for \$0 with some changes. He said he is only one vote. Director Greenspan said he is on the opposite side of

spectrum. He said the concerts bring people from Telluride to Mountain Village which is exactly the goal of the event, to get more people in Mountain Village. At least one day a week for 10 weeks, reverse of trend of people leaving Mountain Village to go to Telluride. He's not saying bring back to full scope, but chop off the bookends and hold eight concerts instead of 10. He added that the Sunset Concert Series is one of the few things that the residential group gets from their assessments. Director Riley asked Scott McQuade what MTI's surveys found with respect to the percentage of people attending who from out of town. Scott McQuade said that question was not on MTI's survey. They asked three questions. The main one of interest was, did they attend the Sunset Concert Series while here. They also asked if people would have attended if it was not free; 22% said they would pay, 30% would, but depends upon price and band. These results are from a mid August sampling of 800 people. Over 50% said they would pay. The final question on the survey was while they were there for events if they shopped, dined and/or stayed in Mountain Village. 62% said they had visited a merchant, 51% said they had dined and 28% of respondents were staying in Mountain Village lodging. Director Proteau said he wants to continue the series but change the approach. He said it is important that the board is clear to the public that they do not want to cancel the concert series but that they are unable to fund as they have done in the past. Director Volponi asked if Director Proteau was advocating to start at \$0. Director Proteau said yes; start there. Director Volponi said he does not think it is realistic to get through 2010 series with zero funding. He thinks there needs to be some seed money because it is going to be very challenging to get full sponsorships right off the bat. Director Riley said the entire series used to cost \$50,000 without any sponsorship. Director Greenspan said that is the reason why the community asked for an upgrade. Director Proteau asked Director Volponi how he sees this seed being used. Director Volponi said he sees it as a way to preserve the concert series in some format, probably with less expensive bands. He said even with less expensive bands there are expenses to set up the stage and the sounds systems, and expenses related with the bands. He said perhaps TMVOA could sponsorship to help with lodging for the bands. This seed money would provide so that they are not eliminated entirely. Director Zemke asked staff to speak. Jim Riley said when they were looking at \$58,000 for the concert series, the fees associated included: use of the TMVOA owned stage that was left up all summer with the tents in place as well. TMVOA/Town staff were used to set up the green room and help with production. Besides Dean Rolley and bands, the only additional cost was food. As of a few years ago there were requests to upgrade the concerts. There were issues with the stage, tenting, and equipment. That is when they began working with All Phases Production to bring in the stage that is now in use. Cost has gone up due to Town and TMVOA splitting, issues with equipment, and requests from the public to bring in better acts. Director Riley asked how much sponsorship revenue was brought in last year. Jim Riley said he did not know the exact number, but that the majority, if not all of the lodging for the bands was covered and that the food was provided by the Mountain Village Market. Director Greenspan verified that the sponsorships were mostly in kind. Jim Riley said yes, they were a mixture of in kind and cash. Stephanie Fanos explained that it is hard to put an exact number on sponsorships for the Sunset Concert Series because most of the sponsors paid one fee for all summer events. President Sharp said he thought the total sponsorship revenue was somewhere around \$160,000. Stephanie Fanos said it was something along those lines and it was because they were able to package it for multiple events. Jim Riley said total sponsorships for the Telluride Festival of the Arts, the Sunset Concert Series and the Red, White and Blues concert was \$160,000 and there was an additional \$15,000 for Gay Ski Week. Director Proteau asked what made up the biggest expense of the Sunset Concert Series. Jim Riley said the bands and the associated production costs. President Sharp said he feels the entire board wants to see the series continue. To rephrase what Director Volponi referred to as seed money, he would recharacterize as making up the difference money. He said the decision the board needs to make is for the budget; to zero it out and work really hard to generate funds and then have an implicit guarantee that if it falls short, TMVOA can either edit budget or eliminate a concert. Or the board can leave some money in the budget as potential make up the difference funds and then hope that it can be reduced to zero. Director Zemke said he was

uncomfortable leaving the item at zero for the same reasons Director Volponi stated. He said the staff has done a great job getting contributions. Nobody wants to see it go, but you have to give the staff a little something to get going. Director Sweet suggested the board commit to eight concerts at 10,000 apiece for a total budget of \$80,000. Or, ideally the budget would be \$50,000 with the goal to get \$30,000 in sponsorships and build it from there. Without money to work with, you cannot maximize. Director Sweet said he is willing to go between \$50,000 and 100,000 knowing that staff will go after sponsorships. Director Greenspan said he supports that as a compromise. President Sharp said he supports that approach as well, but asked the budget is 100,000 instead of 50,000, does that imply that the staff does not need to work as hard to get sponsorships. He added that he does agree there needs to be some number that so that the staff can start booking bands and events. Stephanie Fanos said in working on sponsorship agreements, the staff will not be able to get sponsorships without being able to commit to the sponsor that they will get something in return. The agreements state that there will be a certain number of concerts. Director Zemke asked how you can go to a sponsor and ask for help if the sponsor sees the board won't even help fund the concerts. He thinks the board needs to earmark something. Director Proteau asked what the total cost was last year. President Sharp said \$170,000. Director Proteau asked if that included sponsor money or if that was what TMVOA paid. Jim Riley said that was the total cost to TMVOA. Paolo Canclini from La Piazza said it seems like the board is not considering the Economic Development aspect of the concert series, but simply as discussing whether or not to fund. He asked which would be better, to sponsor the event and get the revenue or for the Village to be empty. Director Zemke asked Paolo how La Piazza does on Wednesday nights. Paolo Canclini said very well. He said at the first concerts years ago there was just a handful of people and now there are hundreds of people. He believes the concerts are not long enough. If they were longer people would get dessert and coffee and spend more money. As it is now, everything dies off around 7:30 when everyone goes back to Telluride. He thinks it is the best event that Mountain Village has had in 11 years; La Piazza sees a big difference. They are trying hard to stay in business. He said he wished he could add \$50,000 to keep the concerts going. Director Zemke said he is smiling because he has been waiting for La Piazza and Poacher's to come and say don't let this go. Director Zemke asked if Mr. Canclini knew the percentage of business they do on Wednesday nights. Mr. Canclini said he gave that information to Jim Riley. Jim Riley said, on average, La Piazza saw 35% - 40% of their weekly business on Wednesday nights out of seven nights of the week. Paolo Canclini said if the concerts goes, La Piazza is going to go; that's how it is. He said they are very committed to the Town of Mountain Village, but what else can they do to be there. He asked what can be done to build Mountain Village up. Mr. Canclini said we need people in the Village and to promote Town as a luxury resort. We need to go after the international market, get Europeans here, get the Brazilians here; the exchange rate is in their favor. He said all of his customers from Rustico come up to Mountain Village on Wednesdays and it does not matter who plays, but they do not come any other time. If TMVOA can do the series for less money by booking local bands, that is great; but when Roberta Fleck performed (part of Legends series at TCC) there were no seats available and people hung around and spent money that night. He asked where to go next; keep the concert series, move on to next thing to grow. President Sharp said if we had same economic impact on the entire Mountain Village rather than three businesses, this decision would be a no brainer. Cath Jett said other restaurants in the Village also see an increase. Maybe it's a way that the concert is marketed. She suggested that the concert be marketed differently to draw people into the Core rather than walk right by on their way to the stage area; need to really get behind all of the merchants. She added that she disagrees that hiking and biking are the only reasons that people come. There are people that come up to shop, etc. Director Volponi said the restaurants at the Capella do a tremendous amount of business after the concert. Dean Rolley said he thinks some of the other restaurants would benefit if they had carts to sell their food because the atmosphere of the concert is really that of a picnic. President Sharp said everyone wants to see the concert series continue, it is a matter of how to handle it budget wise. He asked if the board should zero it out, and if need be go back ask for money to adjust later. Director Volponi said he would prefer to put

money in the budget and then try to offset. President Sharp asked Stephanie Fanos if the board should vote on each line item as they go or wait to the end of the process. Stephanie Fanos said either way is fine; if there is a good consensus, then the board can wait until the end for a motion to approve that draft budget. President Sharp on this item he thinks the board should do a straw poll. Director Riley voted to zero the line item out. Director Zemke, Director Proteau, Director Volponi and President Sharp voted to leave the line item at \$50,000. Director Greenspan voted to increase the line item to \$80,000, while going in a direction of getting the number to zero. Director Sweet voted to increase the line item to \$75,000 with direction to staff to get \$25,000 in sponsorships and to go after better acts if they are able to get more in sponsorships. President Sharp clarified with Director Sweet that he wants to use any sponsorships over \$25,000 to get better acts and not work to decrease TMVOA's investment. Director Sweet said down the road it would be great if sponsors paid for the whole thing, but doesn't want attendance to go down because the quality of acts has gone down. President Sharp said the staff was able to raise more money he'd be comfortable with the \$75,000 figure, but he does not like the idea of using left over money for better acts. Director Greenspan said he sees the sponsorships working in two different ways; one to raise the caliber of acts, and one to bring cost down. Director Riley asked if there was any agreement as to whether the board wants to charge admission for the concerts. Director Greenspan said he thinks it will be hard to begin charging after 11 years of free shows. He thinks it would be losing more opportunity and stepping way back and he doesn't see it happening in the three to four months that they have to make it work. Director Greenspan asked who would make this happen; no one on the board has the time. Director Riley said the staff would do it. Director Proteau said if you have 500 or 800 people at each show and you charge \$10/person, that generates a lot of money and if you don't try it, you don't know if it will work. Director Greenspan said there would be a lot of logistics to work out, renting a stage, hiring security, ticket issuing entity, fences, etc. His biggest fear is everyone standing outside the fence watching the show. The other option of fencing off the complete area has a strong possibility of getting denied at DRB. Cath Jett fears they will lose people if there is a charge. She suggested dressing up a few town celebrities to walk around with donation hats. President Sharp said he would support the donation approach. Dean Rolley suggested selling raffle tickets. Price of the ticket would go to offsetting the cost. If there isn't a prize you can tell people they are buying carbon offsets. He said in Chicago they have free concerts on the lake front; he saw Ray Charles with 10,000 people. President Sharp returned to the budget. President Sharp changed vote for \$75,000 with the goal of getting costs to zero. Director Volponi said he would go along with that. President Sharp moved onto the other line items. There is a \$60,000 line item for Gay Ski Week, which is a significant reduction. The 4<sup>th</sup> of July is at \$20,000, New Years Eve is at \$10,000, Snowfest is at \$3,500 for sculptures, and a placeholder of \$90,000 for Telluride Festival of the Arts, which the board is hoping to reduce. Other than changing Sunset Concert Series from \$50,000 to \$75,000. He asked if there were any other comments. Telluride Festival of the Arts to be discussed in Executive session.

President Sharp moved forward to nonrecurring expenses. He said the board had already discussed the two biggest items, which is Guest Services and Group Sales. Director Riley said there is more to discuss in Guest Services because they need to have a conversation regarding parking. President Sharp explained the board received a Memo from the Town regarding parking. He asked Greg Sparks to speak. Greg Sparks spoke about ski season and the board's decision to get a head start on moving forward with parking problem each year. He said there was a meeting in July that included TSG, Town Council and some TMVOA board members regarding the cost of parking for ski season, no agreement was reached. Greg Sparks had a follow up meeting with Director Riley (as a TSG representative, not as a TMVOA representative), still there was no agreement. After that meeting, Mayor Delves approached Mr. Sparks and the Town's Transportation Department and asked how much it would cost the Town to manage the parking for ski season. Mr. Sparks said last season TSG was able to manage the parking for around \$60,000. The Town determined it would cost them around \$80,000 this season. Town Council directed Greg Sparks to

write a letter to TSG and TMVOA saying that the Town can provide management of overflow parking, but is not willing to pay for the program. The parking program needs a funding source - TSG, TMVOA, a charge to parking component, or any combination of the three. The Town Council has taken a strong position that there will not be parking on the street without a proper plan. Stephanie Fanos asked for clarifications regarding potential conflicts of interest. She said there was an obvious conflict with Director Greenspan because he is on Town Council. She asked for clarification as to whether or not Town Council was considering the ski season an event that would require TSG to file an event application. If this is the case there will be a conflict of interest for the TSG board members. Greg Sparks explained that there was conversation regarding events and that the ski season is considered an event and should be handled under events ordinances accordingly. The Town wants to pull TMVOA, the Town and TSG together and look at parking, and get everyone on the same page. He made it clear that from the Town Council's standpoint, parking on the road puts it into the event ordinance. Stephanie Fanos asked Mr. Sparks if he was saying that no parking can occur on Mountain Village Blvd. unless there is a TSG event application. Greg Sparks said yes, and since the cars would be predominately skiers it would be TSG's responsibility. Director Riley said so skiers don't eat, skiers don't go shopping? Greg Sparks said yes, skiers do do those things, but they are skiers and that is what is creating the overflow parking. Stephanie Fanos advised that the TSG board members and Director Greenspan should abstain from the conversation. Director Greenspan asked if they had to leave the room. Stephanie Fanos said no. President Sharp asked Greg what will happen with Bluegrass, will there be a collection for parking once the garage is full. Greg Sparks said Bluegrass has to pay for extended Gondola hours, extra police patrol and the effects of excess parking, if they do not get funding from someplace else. It is all defined in the event ordinance. Director Volponi asked how many spaces can be provided on the street. Greg Sparks said the number of days where overflow parking is needed is a small portion of the ski season. The times of big overflow during big holidays like Christmas, Spring break, etc. when there would be 150-200 cars. Director Volponi said that now that the Heritage Parking garage is open, there should be less overflow because of 116 public spaces. Greg Sparks said they anticipate the additional 116 spots helping, but it is \$2/hour for first 3 hours, with a max of \$30 per day and there is a limited number of people who will want to pay that cost. At the same time there will need to be staffing to help people get there. Director Volponi asked what the \$80,000 covers. Greg Sparks said staffing. Director Riley told Stephanie Fanos that TSG does not intend to fill out an event application. Asked if there is a conflict. Stephanie Fanos suggested that the issue be resolved with the Town prior to this discussion being held. Director Riley said the issue was resolved as far as he was concerned. He told Greg Sparks that TSG will not be filling out an application and added that the ski season is not an event. Director Volponi said that he agrees that the ski season is not an event. Greg Sparks said the Town Council believes that the season benefits the ski company and the Town but sees the expense of managing parking the responsibility of TSG. Director Riley said it is a municipal service. Cath Jett said if parking is a municipal service, then the Town should be able to charge for it. As a homeowner she feels the Town should be able to charge for parking to cover their expenses. Director Sweet asked if the Town can charge for street parking. Greg Sparks said the Town can charge for street parking, but by agreement with TSG, the Town cannot charge skiers and golfers in the gondola parking garage. Director Sweet asked why the Town doesn't collect for parking along the road like other resorts do. Greg Sparks said the Town is willing to do that. Director Volponi asked if that is where we are at; that if an entity does not pay for parking services, then Town will charge street parking. Director Riley said he was confused. He thought if there was no funding, then there would be no street parking allowed. Now he is hearing that the Town will charge for parking on the road. Greg Sparks said the Town would charge for street parking. That street parking would be cheaper if the Town could charge for parking in the structure. Stephanie Fanos asked about parking charges for the Capella parking garage. Greg Sparks said there is a maximum charge of \$30/day. It is \$2/hour for first 3 hours. Director Sweet said if Capella is charged and street parking not, no one will pay to park at Capella. President Sharp asked Mr. Sparks about the last sentence in the letter the

board received that says, there will be no parking on any street unless all costs of parking management are covered. Greg Sparks said they will have to make sure any money they bring in by charging for street parking covers the cost of managing the parking structure as well. It will become a get here early, can get close in and free parking situation. Director Riley said it is interesting, MTI did work on the value of visitors and it shows the income to the community in winter vs. summer. The results show our economy is clearly driven by winter visitors. We talk about what to do to make a stable economy and in the next breath you want to charge these visitors extra. He said if he were to drive into Mountain Village and see parking for \$10/day, he would drive down to Carhenge where he could park for free. He does not like the approach. Greg Sparks said it is the position of Town Council that the ski area should manage parking. Director Riley said we run the ski area, you run the town. Everything uphill is ours and everything downhill is yours. President Sharp asked if a \$5 charge would influence anyone's decision. He added that a typical car has two and a half people. Director Riley said if there is a free alternative, yes. He said TSG has a contract with the Town. Director Volponi verified that the contract only covers parking structure. He then asked if the \$30,000 was to help subsidize. President Sharp said it was \$50,000 last year; he cut that number in the middle to have a number to put in as a place holder. President Sharp spoke from the point of view of a homeowner and said the single largest complaint is street parking, but more so in summer than in winter. Parking on street, it's a tough sell to homeowners to underwrite parking on street because they do hate it so much. Director Volponi said that the Town collects money from the festivals for parking in the summer, so homeowners aren't really paying for that. Greg Sparks said the parking is primarily for Bluegrass; Blues and Brews does not have street parking. President Sharp asked Director Sweet if he had cut him off before and if he wanted to say anything. Director Sweet was no longer on the line. President Sharp stated that if TMVOA does not provide funding, there will not be street parking. Greg Sparks said there will be no parking or there will be a charge. Director Sweet said Capella added 150 spaces. He asked for confirmation that on average there are 110 - 120 cars parking on the street. Greg Sparks said it varies, but the max is around 200. He added that it is hard to know how many skiers/visitors will choose to use the Capella parking garage and it will be good to get some data this winter. Director Sweet said people won't use the Capella garage if they can park on the street for free and there was a lot of money spent to build the parking garage and it needs to be used and paid for. He believes street parking should be \$30/day. After the Gondola parking structure and the Capella parking garage are full, there will be barely 10 days with overflow street parking. Director Proteau asked what the management plan was to educate skiers/visitors about the parking available in Capella. Greg Sparks said the information will be on the electronic signs. President Sharp asked if there were any comments from the public. Director Riley asked if MTI had an opinion. Scott McQuade said he was confused about the proposed change. He said it does not make sense to charge people to park on the street if more coveted parking is free. He added that he trying to understand the \$30,000, and if it will make the difference. President Sharp said the item at hand for the board is whether or not to budget for parking at all. He is in favor of eliminating it and forcing paid parking to be used. Director Volponi said that skiers are in the shops and restaurants and it would be counterproductive for merchants to not support parking in some form. He added that he feels the Oct 23<sup>rd</sup> drop-dead deadline is harsh and would like more time to study the issue. President Sharp said he's not sure how TMVOA got involved, he views parking as a municipal function. However, if the board doesn't force the issue, then the \$6 million parking garage will go unused. Greg Sparks said there is a cost to manage parking. Unless there is a mechanism to charge for parking, and if the Town cannot charge in the garage, the funding needs to come from somewhere. Scott McQuade asked Greg Sparks if the money proposed is to manage next year's parking. Greg Sparks said yes. Scott McQuade asked if the Town incurred any cost last year when TSG managed parking. Greg Sparks said no. Scott McQuade asked for verification that the change is that TSG will have to have an event permit. Greg Sparks said the change is that TMVOA is not interested in incurring cost, and TSG will not manage parking unless the Town pays for it, so the cost falls back on the Town and the Town needs a means of paying for it. Scott McQuade asked if the cost includes

the staff, the shuttling, etc. Greg Sparks said yes, he does not want to do a poor job at it. Scott McQuade asked what would happen if the demand is not there. Greg Sparks said they would drop staff down. He added that he would love to run the program by flexing current staff; but the feeling is they wouldn't be able to do that on a consistent basis. On a snow day the police are trying to keep Mountain Village Blvd open and manage traffic. On busy holiday weekends Town staff can't be pulled from their daily duties and tasks to manage parking; everyone is busy during peak times when overflow parking is needed. The Town has cut back on staff just as everyone else has as well. Director Riley asked what the plan for upper Mountain Village Blvd is. Greg Sparks said there isn't anything conclusive on that yet, the Town likes the idea of upper Mountain Village Blvd, but they will have to see how it fits in to the mix. President Sharp asked if there were any further comments. There were none. President Sharp verified with Stephanie Fanos that Director Sweet, Director Volponi and himself are only members with a vote. Stephanie Fanos confirmed. Scott McQuade asked if the job would get done with the same amount of money used last year, \$46,000, and the same system was in place. Greg Sparks said that if the parking can be managed appropriately on that budget that would be fine with us. Scott McQuade asked for verification that currently \$30,000 is allocated. President Sharp said yes. Director Volponi asked if the total to provide the whole service was \$60,000. President Sharp said last year TMVOA spent \$46,000. President Sharp said he has changed position from supporting it partially. He said there is no way that he could ever consider \$80,000 and that he agrees with Director Sweet; if people are not forced to park in the Heritage Parking Garage, it will not be used. He would like to eliminate the parking subsidy and see a charge for street parking. Director Volponi asked Greg Sparks if they need people to direct visitors and skiers instead of signage. Greg Sparks said they have learned from that past that it does take more than just signage, you need a physical presence out there to help people. Director Sweet asked what about the anticipated revenue from the parking spots in Capella. He then asked what the current revenue is from parking tickets. Greg Sparks said the Capella garage opened in late August and they have not seen much revenue. The parking tickets have been an item of discussion at Town Council. Town Council gave direction to the police department to use more guest service approach towards writing tickets. The police are only giving tickets to people parked dangerously or repeat offenders. Parking ticket revenue has been cut in half in the last year. Town Council is comfortable with that attitude of not ticketing guests if the issue can be addressed through education. Director Sweet asked if there is a real concern that if people have to pay to park on the street that they will not come to ski. Greg Sparks said he couldn't answer that. Director Sweet said at the end of the day Capella needs to work. He likes the Town Council's attitude to parking tickets, there is no reason to scare people off. He feels charging for street parking is a win-win situation and a good way to move forward. The Gondola parking structure will fill up with employees and skiers, which he thinks is good. Director Volponi said he does not think that it is fair to charge the same amount to park on street as to park a heated, covered parking structure, would like to see \$30,000 in budget still. Scott McQuade said there are two things to consider. One, there is no more overnight parking in the structure, which will open up a lot of spaces that were occupied in the past; and the Capella garage provides more parking. He said \$30 is not that expensive for heated, covered parking. The goal should be to fill those two structures and keep cars off the street as much as possible. If there is \$30,000 allocated in the TMVOA budget to handle parking, and in the past it has cost \$46,000, perhaps it can be down for \$30,000 if TSG is willing to manage it. From visitors' standpoint, it is problematic to charge people to park on the street. Director Sweet asked if people would be allowed to park on the street if Capella is not full. Greg Sparks said there was a discussion about that at Town Council. The idea was that street parking shouldn't be allowed until Capella is full. He added that could be problematic as well. People who get here early, get free parking; those that arrive later pay \$30; if the Heritage garage fills up, people would be forced to pay some fee to park on the street, which is less desirable. Director Sweet said he does not see a way around this. To him it is a no brainer. Director Riley said it seems funny that TMVOA is spending so much money on Guest Services, and then to charge them for parking. Cath Jett said, as a homeowner, she

feels the easiest thing to do is to enforce the ordinance to not park on the street. People can park in the parking structure and the Capella garage, or they can go park in the Meadows. Some people may have drive to Town of Telluride. She said she appreciates that TSG donated the land for the parking structure, but they have reaped the benefit of the golden egg. It is an old agreement from which everyone has benefited, but it is time to move on. Director Riley said every ski area has a free option. Cath Jett said at ski resorts that offer free parking, skiers have to take a bus to get to it. She listed off several other Colorado ski areas that charge for walk to lift parking and the couple that do not. Greg Sparks said the Town has no intention to charge for the Meadows parking lot. Director Sweet asked for verification that street parking would be close to lifts/runs. Greg Sparks said yes, it would be just as it has in the past. Director Sweet asked if the board was going to vote. His recommendation is to put \$0 in the budget for parking. He believes there will be very little demand for street parking this year. President Sharp thinks they need to force people into garage to get that paid for. He is in favor of \$0. Scott McQuade said if TMVOA zeros out the budget and no one is managing traffic and parking, that is a problem. He said someone has to manage it, but he's not saying who should pay for it/manage it. President Sharp asked Greg Sparks what would happen if TMVOA contributes nothing. He then asked if the Town will still need to find money to manage the garage. Greg Sparks said having staff direct people to the Heritage garage would help cover cost. If street parking is allowed, the Town would receive revenues from charging for that street parking. If council does not allow parking on the road, then it is a matter of using minimum staff. He added that he could see that being a mess on a busy day and would require proper staffing in order to handle it properly. Scott McQuade said issues could occur on a slow or medium day too. If there is no one showing cars where to park in the parking structure, people will turn around and head back towards traffic. President Sharp said he thinks Greg Sparks is saying that when the parking structure is full people will be forced to park in the Capella parking garage. President Sharp guesstimates 130 cars at \$30 will provide \$4000 to cover additional parking needs such as having staff direct cars. Greg Sparks said the fees are intended solely to cover ongoing operations. Director Sweet asked about the Town's projections for occupancy of the Capella garage. Greg Sparks said they have estimated that on certain days it will be at capacity and there will be days where it is not. He believes Town is projecting revenues in the \$80,000 range. Director Sweet said if TMVOA budgets for parking on the street, they will undermine revenue for Capella parking. He said most of the people driving are regional people; if regional people cannot afford \$30, then they can't afford \$30. He added that regional people don't typically spend that much money while skiing and this is way to earn revenue off them. President Sharp said he wants to, and needs to, move on. He said that he and Director Sweet are of the mindset that if the board puts \$0 in the line, it will force people in garage. That would be his logic in eliminating it; otherwise the Town will lose revenue from the Capella garage and it will sit empty. Director Riley said he thinks people will go to Telluride to park in a free lot. Cath Jett asked how difficult it would be to see if it would work to change the parking in the Gondola structure from free to charged parking for a year as a trial period. Director Sweet offered up the idea that the Town could offer discount Capella parking for repeat parkers, i.e. Ski Ranches, etc. Director Riley said TSG is not willing to waive the free parking agreement. Cath Jett and Director Riley had a brief debate over charging for parking in the Gondola structure. Paolo Canclini asked about the charging structure at Capella,. Greg Sparks said it is \$2/hour for first 3 hours, with a \$30/day maximum. Paolo Canclini said \$30/day is a lot to add for a day of skiing. He asked about the town lowering the charge. Greg Sparks said that there will not be a decrease in the charge. Paolo Canclini said that the ski resort in his home town charges \$5/day and they have 1,000 cars a day. Greg Sparks said the rate schedule for the Capella garage is \$2/hour for 3 hours, \$6/hour after the first 3 hours up to \$30/day max. President Sharp requested an end to this part of the conversation. He said that he is not interested in contributing \$80,000 to parking; he is not opposed to some small level of contribution in the future. For now he suggests zeroing it out. His reasoning for zeroing it out is to funnel people into garage. President Sharp asked Director Sweet for his vote. Director Sweet concurred. He added that the Capella garage is going to be great and that people are

going to love it. Director Volponi believes TMVOA will ultimately have to support the parking in some way. He thinks this topic will require additional conversation. He said it is hard to make a final decision having received the letter from the Town as he walked into the meeting; he would like further information. Director Volponi is also uncomfortable with a line in the letter about having someone commit to the costs in perpetuity; he feels that is a lot to ask. He thinks there needs to be further discussion and does not feel that TMVOA can eliminate it entirely. President Sharp said with three people participating, the line item will be changed to \$0.

President Sharp moved onto the next line item, Affordable Housing. He asked about the \$7,000 shown for affordable housing. Stephanie Fanos said it is for the HOA dues for Lot C in Lawson Hill. President Sharp moved on to the Economic Development Grants line item. President Sharp explained the thought process to cutting items in Economic Development Grants. He explained the thought process of establishing the value that TMVOA will contribute to grants, \$148,000. He listed the grants from last year that the committee found to be of value; he added that TMVOA has not received grant applications as of yet. The budget currently shows the following: \$30,000 Mountain Biking, \$53,000 Ski Council Subsidies, \$10,000 AIDS Benefit, \$5,000 Bluegrass, \$2,500 Blues and Brews, \$15,000 Telluride Foundation Summit, \$12,000 Telluride Ski and Snowboard Club, and \$20,000 Yoga Festival. President Sharp asked for comments. Director Sweet cautioned against listing specifics of example grants because entities might ask for the amount listed. He added cautions about saying that TMVOA will not help either film festival for fear of the closing of the Chuck Jones theatre. President Sharp explained that he agrees with Director Sweet's logic, but that the committee wanted to explain how they arrived at providing \$148,000 in grants. Director Volponi said that by publishing a list, they are defeating the purpose of the Grants Joint Committee with Town Council. Director Volponi would like to see a chunk of money in the budget and then receive applications with applicants explaining how each organization benefits Mountain Village, etc. President Sharp said, as tried to explain, there are two ways of approaching the numbers. To allow the TMVOA budget to go \$1 million into the red, or look at what has been done in past and see how to contribute in the future to arrive at that number. There is a goal of transparency. Just because there is a number for Mountain Film, does not mean that is the number that will be given to Mountain Film. Director Volponi said he doesn't have a problem with including the lump sum, but everyone is in agreement to continue with the process with the Prioritization Committee. President Sharp said absolutely, the Prioritization Committee process will continue, this is simply being transparent about how the board arrived at the \$148,000 number. Director Zemke said he personally has a problem with publishing the numbers. He wants entities to apply; he has a problem with Film Festivals showing \$0 because he feels they won't apply for a grant if they see the budget shows \$0. Director Zemke wants Peter Kenworthy to apply; he wants Telluride Film Festival to have stronger presence in Mountain Village. President Sharp said he understands what Directors Volponi and Zemke are saying and explained that the committee meetings are open to public. Anyone could have come to a meeting and seen how the board arrived at the lump sums. He asked Stephanie Fanos about the process. Stephanie Fanos said the board can say exactly what President Sharp has been saying in this meeting. That the board arrived at this lump sum amount to put in the budget, but that they have not arrived at a definitive allocation of those funds. President Sharp said he understands the numbers can be misleading, and explained that it was the process the committee used to come up with a number. Director Proteau said he appreciates backup information. Had the budget shown one lump sum, he would have wanted to know where the number came from. He added that he appreciates what Director Volponi and Director Zemke are doing with the Town Council in subcommittee and thinks it is good to see what contributions have been made in the past. Jim Riley said he has been to both the Budget Committee meetings and the Prioritization Committee meetings. He said it has been apparent from the start working with Director Volponi and Director Zemke that the Prioritization Committee feels strongly about determining the direction of grants in the future. He said it has been apparent to him working with Budget

Committee that they were using this information as a worksheet to see what was reasonable for grants in the future with TMVOA's limited resources. In his experience it has been very apparent that the Prioritization Committee is going to be making the decisions about what kind of grant recommendations that will be made to the board in the end, but the Budget Committee will decide what funds are available. President Sharp addressed the line item of \$13,500 for educational grants. He said the Budget Committee was not sure if that would fit in for charitable donations that the Town would be assuming. The Budget Committee wanted to put a placeholder there in case it does not. President Sharp said the board had already discussed all other items listed under "other". He said the next big line item is the Gondola Non-recurring Items. The single biggest items are \$150,000 for a new haul rope, and \$45,000 for bike racks. There is also \$15,000 for widening access to Plaza Gondola Station for bike access. President Sharp said splitting the entrance into doubles lines and singles lines helped, but now there needs to be a bike line. The Gondola has proposed opening the entrance to provide a separate bike line on the left that would allow bikers to load their bikes right away while pedestrians load Gondola. President Sharp addressed the haul rope. He said it is somewhat of a safety issue; the wire cable has plastic woven into it, when plastic unwinds, it causes the Gondola to stop, which causes down time, etc. He added that he believes, but is not positive, that the replacement is coming one year earlier than scheduled. President Sharp asked for comments. He added that this is not the final budget; it is a draft that will be published for further member review and comment. President Sharp asked Brianne Hovey to read back adjustments and then said he'd entertain a motion to publish the budget with the changes. Brianne Hovey said the changes include: Sunset Concert series to \$75,000, look at moving the \$7,000 for Lawson Hill HOA dues into the Operating Budget, \$0 for parking management, and adding \$20,000 to Guest Services, bring it to \$186,000. Director Zemke with changes **MOTIONED** to publish the draft of the budget to the membership for discussion. Director Sweet seconded. President Sharp called for further discussion. There was none. The motion passed unanimously.

- 3) **Discussion of Annual Meeting and Election Timeline** – Stephanie Fanos said there is a short memo and timeline in the board packets that sets forth a schedule that staff has put together in order to accomplish the end goal of an annual meeting and election of members. She said she needs the board to set a record date. The record date is the date on which staff determines names and addresses of members who will be given an annual meeting notice as well as a ballot. The record date cannot be set more than 50 days from the date of the election and the annual meeting. She explained the concern of not setting a record date. She said the proposed record date is November 10<sup>th</sup>. Ms. Fanos explained the seats that are up for election this year: The class A residential seat that is currently held by Director Sweet and the class B lodging seat that is currently held by Director Volponi. Director Greenspan asked for explanation as to why the lodging seat is up for election again. Stephanie Fanos explained that the board member who was elected to the seat resigned and the board filled the seat. But the board can only fill that seat until the next election. Stephanie Fanos requested that the board establish a record date of November 10<sup>th</sup>. Director Greenspan **MOTIONED** to go by the guidelines of holding an annual meeting as set forth by Stephanie Fanos and to establish record date of November 10<sup>th</sup>. Director Sweet seconded. The motion passed unanimously.
- 4) **Discussion of Revised Economic Development Policy and Charitable Donations Policy** – President Sharp asked Director Volponi to explain. Director Volponi explained that the Prioritization Committee had met and divided responsibilities between Town and TMVOA. They took a look at the previous year's grant making policy and is proposing changing some criteria to include that the applicant would illustrate how their event would contribute to the economic vitality of Mountain Village, etc. The applicant would also need to illustrate the long-term sustainability of event. The proposed grant making policy is in the board packet. President Sharp noted that there is not a huge difference between the old and new policies. The changes clean it up and has stronger wording. Jim Riley said he included last year's policy, and

explained the changes. Paul Major said he had two comments. One – think about eliminating a line between nonprofit and for profit. He said the problem is that the board is holding up for profit organizations the same as they are holding up nonprofit organizations. Since the goal is to generate economic activity, for profit and nonprofit organizations should be held up to the same filter. If the board tries to segregate for profit from nonprofit, they will have a hard time saying what is charitable and what is economic development. The board should say the criteria is about economic activity and have entities compete. Mr. Major's second comment was that measurement should be included in evaluation criteria rather than be in a separate section. He feels making measurement a criteria would sharpen the focus of people applying. A screen to hold up and say are they meeting these criteria. He said the more definitive TMVOA can make the application, the better. People will submit better proposals and make it easier for TMVOA to make an evaluation. President Sharp said the proposed grant application does not distinguish between for profit and nonprofit organizations. Paul Major said that as long as TMVOA is not making distinction, that's great. Director Greenspan asked if the verbiage "for profit/nonprofit" should be added. Stephanie Fanos said no. She added that the way it is drafted now is the way it should be. Paul Major suggested taking out "grant making" and replace it with "scholarship/grant making". Jim Riley asked everyone to look at the letter to the board and read "Grant awarded events must have a positive economic impact on the retail, restaurant and lodging sectors of Mountain Village and add to overall sense of community." He continued on to say that the paragraph titled "Measurement" was intended to clarify number three of the evaluation criteria. He said if the board wanted information under measurement to be included in number three, they could do that. Paul Major said number three talks to the specifics, but he thinks they should give people the specifics by asking them to show how the measurement of spending in Mountain Village as part of the application. Scott McQuade said part of problem is being able to measure that. Tax and lodging reports are monthly, not daily. The data is hard to collect and it is not clear-cut. Elizabeth Temple with the Film Festival said they have been trying to gather all this financial data but it is a huge job and it's not possible to collect and measure data both in Telluride and Mountain Village. Scott McQuade said he worked with Elizabeth on her report. He said last year they did have the daily lodging report in place and it made it easier to measure the impacts in Telluride and Mountain Village. He thinks it will be hard for people to provide that information. President Sharp said he has spent a lot of time on ROI for events and grants. The board has moved in the right direction, but they still need to continue to work in that direction. He asked Paul Major if he thought Measurement should be added to number three. President Sharp added that he personally thought it was pretty clear as is. Jim Riley offered a suggestion to add a note to number three to reference Measurement. Director Greenspan agreed to Mr. Riley's idea. Paul Major acknowledge that it is hard to gather this kind of information, but he thinks if it is explicitly asked for people will work to provide it. President Sharp said it seems they are already saying that. Stephanie Fanos said the application and the follow up report that is to come back with it provides further information. Director Volponi said the suggestion Jim Riley made is very simple. Line number three would read "The grant awarded events must have positive impacts to the retail, restaurants and lodging sectors of Mountain Village as outlined in the Measurement section below and add to the overall sense of community." Jim Riley said the Prioritization Committee, legal counsel, the Communications Director and he have reviewed application from previous years to make this more concrete. He added that the follow up report is also being revised. Director Greenspan said that if there is an over communication on the grant thing, so be it. It really starts driving the culture back in. He said he agrees with Paul Major, if the board is trying to obtain certain information, make the point to do so. Stephanie Fanos said she thinks the board needs to see actual application, that this is just the policy for evaluating and then there will be materials to assist in reviewing. Director Greenspan asked if there is any harm in changing the document. Stephanie Fanos said making the parenthetical changes would be redundant. President Sharp said he agrees and thinks it is a clear policy and he does not see problem with it. Director Riley said he sees a different issue. He said this in the context of Economic Development grants, but the statement of purpose it narrows it

down to special events and plaza entertainment. He said there may be other Economic Development activities other than special events or plaza entertainment; he thinks it needs a broader purpose. Jim Riley said they could add other events to list. President Sharp agreed with Director Riley. Stephanie Fanos suggested adding “to support grant requests for special events, activities, programs, and plaza entertainment. President Sharp suggested continuing this to work on it another time outside of the meeting. Director Zemke made a **MOTION** to continue to work on this outside the board meeting. Jim Riley said he sent out communication to the local community asking for grant applications with a deadline of November 2nd. Director Volponi asked if they needed to approve the policy in order to review the grant applications. Director Zemke said it shouldn’t affect that. Stephanie Fanos said the policy is intended to assist the board. She said the board can approve it with amendments in this meeting or they can wait. Director Sweet suggested mitigating the exactance of it, because it can be tightened up later. President Sharp said he wanted to work through it properly rather than rush through it in the meeting and possibly do it by consent agenda. Director Proteau Seconded. Motion passed unanimously.

- 5) **New Business** – President Sharp asked for a motion to allow intent to proceed with budget numbers for Guest Services. Stephanie Fanos suggested authorizing staff to work with MTI regarding revisions to the Guest Service contract that is currently in place to memorialize changes that are necessary to the contract in accordance with the budget. Stephanie Fanos said the **MOTION** should be: to authorize staff to work with MTI to propose amendments to their existing Guest Services contract consistent with the proposed budget for 2010. Director Greenspan Moved, Director Zemke seconded. The motion passed unanimously.
- 6) **Adjournment** – Director Greenspan made a **MOTION** to go into executive session for the purposes of further discussions regarding the contract with Cherry Creeks Art Festival to produce the Telluride Festival of the Arts, Director Volponi seconded the motion. The meeting was adjourned at 5:26 pm.

MINUTES OF THE SPECIAL MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
OCTOBER 27, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Stephanie Fanos (via telephone), Erin Neer for part of meeting (via telephone)

- 1) **Call to Order** – President Sharp called the meeting to order and stated that the purpose of the meeting was to convene in executive session pursuant to CRS Section 38-33.3-308(3) for purposes of discussion of matters pertaining to employment.
- 2) **Executive Session pursuant to CRS Section CRS 38-33.3-308(3) for purposes of consultation with legal counsel and matters pertaining to employment** – Director Greenspan made a motion to go into executive session for such purposes which was seconded by Director Volponi and unanimously passed.
- 3) **Adjournment** - The Board re-convened in open session and the meeting was unanimously adjourned.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
NOVEMBER 18, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp (via telephone), Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley (via telephone), Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer, Jim Riley, Brianne Hovey, Leanne Hart, and Stephanie Fanos

**OTHERS PRESENT:** Catherine Jett (TMV), Scott McQuade (MTI), Seth Cagin (The Watch), Kate Rideout (MTI), Robert Rogers, Ron Brumley (Telluride WebTV), Kim Hewson, Bob Delves (TMV), Stash Wislocki (TAB), Charity Banker and Patrick Rothe (TSG sales), Adam Singer (Poacher's), Terry Hummer, Krissy Webster, Brandt Barber, Paolo Canclini, Corey Carlstead, Christine Reich, Meehan Fee, Penelope Gleason

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- 1) **Call to Order** – President Sharp called the meeting to order at 3:02 pm and immediately moved to executive session.
  - 2) **Executive Session** – The meeting returned to regular session at 3:46 pm via a **MOTION** made by President Sharp to adjourn from executive session, seconded by Director Zemke. This motion passed unanimously.
  - 3) **Consideration and Approval of Annual Meeting Notice and Agenda for Annual Meeting** – President Sharp made a **MOTION** to approve the Annual Meeting Notice and Agenda for the Annual Meeting, Director Zemke seconded the motion, motion passed unanimously.
  - 4) **Designation of Roberta Peterson, CPA, as Independent Third Party Vote Tabulator for the 2009 Election** – President Sharp asked Stephanie Fanos if she had any comment. Stephanie Fanos provided history of designation of a third party to tabulate the votes of the secret ballots. Earlier this year TMVOA's auditors handled that task. For this vote the staff recommended Roberta Peterson, a local CPA, be the third party tabulator. President Sharp made a **MOTION** to designate Roberta Peterson, CPA, as the neutral third party pursuant to C.R.S. 38-33.3-310(1)(b)(1)(C)&(D) to tabulate the votes and report the results of the 2009 Mail Ballot Election to fill the Class A and Class B seats on the Board of Directors. Director Proteau seconded. The motion passed unanimously.
  - 5) **Discussion of 2010 Grant Recommendations from Prioritization Committee** – President Sharp asked Director Zemke to explain. Director Zemke said the Grant Prioritization Committee met several times to narrow down grant applications pursuant to the budget discussion the board had had in the prior meeting. It was not an easy task. Director Riley asked for verification that the board is not approving anything in this meeting. Director Volponi said the board is approving the grants go into the budget, but not approving

grants. Director Riley made a **MOTION** to approve the grant recommendations from the Prioritization Committee, President Sharp seconded. The motion passed unanimously with Director Greenspan recused.

- 6) **Discussion of Overflow Parking** – President Sharp asked if Mayor Delves was in the audience. Mayor Delves congratulated Erin Neer on her baby. Mayor Delves addressed the winter visitor/skier parking management. Town Council directed the Mayor to seek a compromise with TMVOA to agree to fund the process of managing parking and visitors arriving in Mountain Village. He said Town staff created a plan to manage and came up with figure numbers of \$60,000, \$20,000 per party - TSG, the Town, and TMVOA. Mayor Delves worked with Director Riley and President Sharp. Director Riley and Mayor Delves still have some items to work out. He expects to have something for Town Council tomorrow. Mayor Delves highlighted the key aspects of the agreement. It would cost up to \$20k per party. He said President Sharp can explain how he envisions that would happen from TMVOA. TSG would write a check, and the Town would be the overseer. He said it is in everyone's interest to have the parking experience positive. The main issue is that there is not enough parking. There is a real need for another remote option; if there was legitimate remote free parking, you could justify charging for parking in the Gondola structure. Whatever he brings to Town Council tomorrow needs to include an agreement for an expanded or enhanced parking system with a specific timeline. He would like to see a timeline would be implementing the enhanced parking solution prior to 2011/2012 ski season. The land use process takes time. President Sharp said what he'd like to propose, with TSG and Greenspan recused, is not going to cost TMVOA any new cash, what is proposed is redirecting people who are already budgeted for, particularly the person at the front gate who will welcome visitors and give them their choices for parking. From there, the Mountain Village personnel will pick up. The details are to be figured out with Scott McQuade. That is the general overview; there is no new cash.

President Sharp made a **MOTION** to approve TMVOA's participation in a three way agreement with the Town of Mountain Village and Telluride Ski & Golf Company to provide parking management services for the 2009-2010, 2010-2011 and 2011-2012 ski seasons based on the following six conditions: Condition 1) TMVOA will redirect guest services personnel pursuant to an agreement between TMVOA and MTI to provide parking management services during the 2009-2010 and 2010-2011 ski seasons up to a maximum amount of \$20,000 per ski season. During the 2011/2012 ski season, TMVOA shall have the option to provide guest service personnel for parking management services or contribute up to a maximum of \$20,000 in funding to the Town to provide parking management services at TMVOA's sole option and election. The details of the specific days and hours of the MTI guest services personnel parking management services shall be determined by the mutual agreement of TMVOA, MTI and the Town, but in no event shall the costs of such personnel to TMVOA exceed \$20,000 in any one ski season. Condition 2) TMVOA has agreed to participate in the parking management agreement in reliance upon the Town of Mountain Village's representation that the Town will price the Capella parking garage at a rate that will encourage day skiers to park in the Capella garage rather on than the roadways. Condition 3) TSG shall contribute up to \$20,000 in dedicated funding to the Town of Mountain Village for parking management services for each of the three ski seasons. Condition 4) The Town of Mountain Village shall provide parking management services at all times during the three ski seasons except as shall be provided by the MTI guest services personnel. Condition 5) The three way agreement shall be memorialized in a written agreement executed by all three parties and the Town and TSG shall agree and acknowledge in such agreement that TMVOA is participating in the agreement as an accommodation to the public and further that the parties acknowledge that parking is not the legal obligation of TMVOA. Condition 6) TMVOA is willing to participate in an agreement with a term that is less than three years upon the same terms and conditions as set forth in this motion. Director Volponi seconded the motion.

Director Sweet said, Erin nice to have you back, congrats on the baby. He said he has visited this topic for a couple years now; he visited last year as a board member and was very specific in an approval that was crafted that said there would be a master plan parking study performed. He said this did not happen. This new plan is a Band-aid at best. Director Sweet is worried that the wheel of government will take years to solve this problem. He said he is looking for two amendments to this document. He asked if the money TSG will contribute is on a pro rata basis. President Sharp said yes, it is pro rata. At the end of the year if we contribute \$20k in personnel and the Town did as well, if the numbers work out, then TSG would kick in money to Town and to TMVOA so that each entity contributed the same amount. Director Sweet said he actually is not comfortable with a three year commitment, he's more comfortable with a one year commitment. He feels at the end of the ski season, it may be that we do not need this in the future. Parking is not a legal obligation of TMVOA and the Town needs to indemnify TMVOA from any legal situations that arise from parking. He feels this situation is ridiculous at best and dangerous at worst. If the Gondola structure parking is full and people have an option to pay \$20 at Capella or park on the road for free, people are going to park on the road. Director Sweet asked if there is a mandatory no parking on the road until Capella is full. Mayor Delves said those are all good points, and he wished that he had the proposal right now. Many of the items discussed are written into the proposal that will come before Town Council tomorrow. He said the annual dance is happening for a variety of reasons. Town of Mountain Village owns the roads and the facilities; TSG has contractual right in land conveyance that the Town will not charge for parking in the Gondola structure; and TMVOA has been paying for management of skier parking. These three factors have caused a chaotic situation and there are a lot of parties involved and no quarter back. He is proposing the Town step up to that quarter back role. The Town wants to find a way where the taxpayers are not paying more money. This isn't studying the problem, it is solving the problem. The goal is to increase capacity, but not expense of capacity. There has been talk of adding layers to the Gondola structure, but each new layers of the parking garage costs \$4 million. He thinks it is time to look at less expensive remote lots. Mayor Delves said there are people on Town Council who agree with Director Sweet on making this a one year deal. Mayor Delves feels everyone needs a three year run, with the hope to solve it in two years. This deal will terminate at the end of 2011/2012 ski season, or the implementation of the expanded parking, which ever comes first. Town Council voiced support to make Heritage Garage much more approachable and price attractive. People will pay \$20 to park in a heated garage as opposed to on the road. The garage needs to be full instead of settling for a half full lot and cars on the street. The price point where that will happen is not known right now. Director Sweet said thank you for responding and that he appreciates the clarification. He said it is his understanding that lots 50/51 had been TMVOA property when the parking spaces went away; his biggest fear is that 1/3 of the spaces are picked up by people who choose to park in a heated garage, but that 1/3 to 2/3 of the spaces remain vacant. He said he'd rather allocate money to make sure that garage gets used. President Sharp said the Guest Service personnel would be directing people to the Heritage Garage. Director Sweet asked if the Town has usage expectations. Mayor Delves said no, it's a moving target. He said the Town is waking up to the need to do something different. The Town hired a consultant who created the current pricing structure and now Town Council is re-thinking that decision. They are realizing they need to deal with an hourly rate instead of a daily rate. Mayor Delves thinks \$2/hour for 8 hours is a good place to start. If that works, may go to \$3/hour. President Sharp said part of motion is that the Town will price at a rate that will encourage people to park there. Director Sweet said he appreciates all responses. Everyone is in a catch 22. Town Council will approve their own conditions tomorrow and TMVOA is trying to so in advance of that. Director Sweet said he'd rather say that TMVOA is prepared to do this knowing that it is encouraging minimizing parking on road and say that TMVOA will support something that is one year if that is what the Town wants, but to not exceed three years. Director Volponi said this is something that is appropriate for TMVOA to commit to, and he is in favor of it. For marketing, he suggests package deals with lift tickets. President Sharp said he wishes TMVOA was a day behind the Town because the language that Mayor

Delves and Dave Riley have been working on is more specific than in the past with a tight timeline. He said it is an agreement that he thinks will bring a parking resolution. He is impressed with it. Director Volponi verified that TMVOA funds are going towards MTI staff to manage parking. President Sharp said yes. The budget already includes a person at the front gate. TMVOA is simply allowing the Town to work with MTI and directing MTI to work with the Town. Mayor Delves said that in the motion, TMVOA is not acknowledging responsibility. He said the final agreement will say that none of the parties are taking responsibility beyond the commitment. All three parties are firm. Director Zemke suggested opening up to public comment. President Sharp asked for public comment. Kim Hewson said his concern is regarding liability and seconded Director Sweet's comments due to hazards on the road. Gave example of a kid being hit by a passing car and said all three parties would be liable. He asked the board to think about outlining the shared responsibilities associated with the hazards. President Sharp said point well taken. And he added 7<sup>th</sup> condition to his **MOTION**: Condition 7) TMVOA's participation is contingent upon TMOVA being released and indemnified by the Town from any possibility of liability resulting from parking activities. Stephanie Fanos confirmed that the addition is okay. She asked him to word it as: TMVOA's liability is eliminated and/or minimized by either indemnification or insurance. Director Volponi seconded the motion. President Sharp asked for vote: President Sharp and Director Volponi in favor, Director Sweet opposed. The motion passed with TSG and Director Greenspan recused.

7) **New Business** –

- 8) **Adjournment** – Director Sharp made a **MOTION** to adjourn, Director Greenspan seconded the motion. The meeting was adjourned at 4:36 pm.

MINUTES OF THE ANNUAL MEMBERS' BUDGET MEETING

TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION

NOVEMBER 18, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp (via telephone), Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley (via telephone), Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer, Jim Riley, Brianne Hovey, Leanne Hart, and Stephanie Fanos

**OTHERS PRESENT:** Catherine Jett (TMV), Scott McQuade (MTI), Seth Cagin (The Watch), Kate Rideout (MTI), Robert Rogers, Ron Brumley (Telluride WebTV), Kim Hewson, Bob Delves (TMV), Stash Wislocki (TAB), Charity Banker and Patrick Rothe (TSG sales), Adam Singer (Poacher's), Terry Hummer, Krissy Webster, Brandt Barber, Paolo Canclini, Corey Carlstead, Christine Reich, Meehan Fee, Penelope Gleason

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- 1) **Call to Order** – President Sharp called the meeting to order at 4:36 pm. He thanked audience for attending.
  - 2) **Presentation of the Proposed 2010 Budget** – Erin Neer said that providing the members with an opportunity to ask questions about the budget was the primary reason for the meeting. She noted that there were copies of the budget in the back of the room. Ms. Neer said after today's meeting there will be two more Budget meetings on December 3<sup>rd</sup> and December 8<sup>th</sup> or December 9<sup>th</sup>. She gave a summary of the overall budget. The 2009 performance is expected to have a deficit of \$3.9 million; estimated working capital at the end of 2009 is \$9.4 million and unreserved levels will be at \$5.5 million. The proposed 2010 budget shows a deficit of \$1.4 million, which will reduce the gross working capital to \$8 million and unreserved levels down to \$3.1 million. Ms. Neer noted that the reserve level will be revised once the board has adopted a final budget. She moved on to list TMVOA's sources of revenue. RETA provides 57%, 29% comes from owners' assessments, 9% from rental activity and 5% from investment earnings. Ms. Neer then reviewed the 2009 RETA performance. The baseline activity for 2009 will be approximately \$2.2 million, which is 35% of the second year historical average and 52% of total RETA received in 2008. Mountain Village is seeing a depression in the average home sale prices partially due to bank owned sales. Currently, there is no indication of improvement and the 2010 budget will remain flat at \$2.2 million. Ms. Neer addressed the operating expenditures. The primary obligation is to fund the Gondola at \$3.2 million for 2010. Other expenditures include: Administration at \$687,000, Events at \$234,000, and Member Communication at \$136,000. Administration costs breakdown to 43% employee costs, 26% professional fees, 15% property ownership costs, 16% general operations. Ms. Neer said historically the Discretionary Programs have included Guest Services, Group Sales, Grants, and Planning costs. She said this is where the board has focused most heavily in looking to reduce costs. There has been a significant drop in funding and the elimination of some programs. She addressed the proposed changes. The Events line item has been reduced by \$422,000. The Guest Services line item has been reduced by \$163,000. A Group Sales function has been added to the budget in the amount of \$250,000 to work with MTI to solicit conference business to the region. Grant funding will be reduced by \$400,000 and

Charitable Donations have been eliminated. Regional Marketing and Planning will not be continued in 2010. The Gondola Non-Recurring includes major repairs and improvements. Ms. Neer moved onto the Balance Sheet. It shows the gross working capital has decreased by \$4.6 million. Liabilities have decreased due to RAL obligations that were booked at the end of 2008. Current assets have decreased due to the current year deficit. She said current receivables are \$185,000. Ms. Neer addressed the investment strategy. TMVOA is focused on capital preservation.

- 3) **Member Input** – Erin Neer asked for questions and requested that members approach the microphone and introduce themselves. President Sharp asked if anyone had any questions or comments. Director Proteau asked if anyone would like to review any of the slides. Erin Neer offered to answer any questions from the budget document. Director Greenspan offered sandwiches. Adam Singer asked about the Group Sales line item. President Sharp said that occupancy rates in the Village are fine in January, February and March, but the remaining nine months of the year the Village struggles. He said that the details still need to be worked out, but that the objective is to make a concerted effort to attract group business to Mountain Village in the months where there are fewer visitors. Adam Singer asked how the money would be spent. Director Volponi said Mountain Village hotels have been seeing more group inquiries. He said the board has been talking about having a stronger presence in the marketplace and meeting planner conventions. He added that Mountain Village is fortunate to have good hotels and a convention center, making it a natural fit for groups, but in the past the resources have not been available to get the word out about the opportunity that exists. The money will be used to employ a sales person and provide that person with the materials they need to be successful. Director Greenspan said the board is trying to plug the holes in the year where there are fewer visitors in town. They are looking at every option to plug the light times and make it more desirable to be here. He asked President Sharp, Director Riley, and Director Sweet if they had anything to add. No one did. Paolo Canclini asked for a breakdown of the Events. Erin Neer provided the breakdown: \$20,000 for the Red, White and Blues concert, \$60,000 for Gay Ski Week, \$10,000 for New Year's Eve fireworks, \$75,000 for the Sunset Concert Series, \$65,000 for the Telluride Festival of the Arts, and \$3,500 for the Snow Festival. Kim Hewson addressed the Group Sales money saying it gets to the heart and philosophy of TMVOA, but as a resident and a tax payer \$250,000 is a lot of money. He said he is in favor of it in one sense, but as a resident he is opposed. He asked how it benefits the homeowners. He understands how it benefits the hotels, and the restaurants and the retailers, but the homeowners share greatly in this expense. He said he questions the allocation of the money to the residential group as opposed to the commercial, lodging and mountain members. President Sharp said the priority of TMVOA after the legal obligations, is economic development. He said a healthy retail and lodging environment benefits the residents and helps maintain property values. He believes the connection exists there. Kim Hewson said he understood, he just wants to be a voice from the residents so that the board knows the residents are contributing. Director Greenspan repeated Kim Hewson's comment for the board members on the phone. Adam Singer asked for verification that the Group Sales is a marketing only expense, and that the board is refocusing marketing attention. Director Volponi confirmed. Director Greenspan asked if there were other questions. Patrick Rothe asked about the specifics of the grant awards. Erin Neer said there were copies of the complete grant schedule in the back. Director Zemke asked Jim Riley if he would summarize. Jim Riley said there were 21 grant requests and the Prioritization Committee determined they would fund nine of those requests. Mr. Riley said the Ski Council receives \$40,000 plus \$18,000 that was not used this year, Mountainfilm received \$20,000, Telluride Aids Benefit received \$15,000, Telluride Film Festival \$30,000, the Economic Summit received \$20,000, the Telluride Society for Jazz received \$5,000, Telluride Science Research Center received \$5,000, Telluride Ski and Snowboard Club received \$10,000, and the Telluride Yoga Festival received \$15,000. He said the primary focus was economic development to support Mountain Village businesses and homeowners. Director Greenspan asked Mr. Riley to explain the Prioritization Committee's philosophy behind picking who would receive grants. Jim Riley said the

Committee worked to provide funding to organizations that would provide economic development to the community. They looked for organizations that would contribute to an overall creation of vitality in the Core. Director Greenspan said Director Zemke was chairman of the Prioritization Committee, while he and Mayor Delves worked on the Town side, and Director Volponi worked on behalf of TMVOA. He said it was a grueling process and they received tremendous help from Jim Riley. The grant proposals were heavily debated; it was not an easy task. Director Proteau said Jim Riley has done a very detailed economic benefits report for each of the events. Penelope Gleason congratulated the board and said they are going through same thing with budgets. She asked if the board plans on having a continuation of Jim Riley's work on the ROI impact with the changes being made in terms of economic development. She said she knows it is difficult to measure ROI and that the board is looking for improvements. She said it would be interesting to see how grants that were dropped or change effected the economic development. Director Zemke said the board rounded out a previous meeting with a lengthy discussion of the importance of ROI and the gathering of data; not for what the board thinks will work but also to keep in mind the things that have been let go of. He said it has been a continual challenge for TMVOA to get a solid understanding of investment. It's too valuable to let go. Director Greenspan said the board is also looking for ways to look for alternatives to raise money to sponsor these events to maintain the quality of events. TMVOA is looking for alternative revenues such as sponsorships. He said the board is looking at preserving quality of life in Mountain Village. Director Volponi added that the Prioritization Committee was also looking for the grantees to have a plan to be self-sustaining in the future. Director Proteau said Jim has shown the detail of lodging in Mountain Village as opposed to Telluride. He said it is important to know the ROI for Mountain Village as opposed to an event on the whole. The idea is to push Mountain Village and the reports help understand that. Director Greenspan said there were applications for grants from the Town of Telluride and TMVOA is not turning its back on the region, but is focusing on Mountain Village. Director Zemke said the board had a lengthy discussion of how the applicant can think creatively and collaborate with other entities. The board wanted to encourage grantees to think creatively. Patrick Rothe thanked the board. He said his team is on the road as they bid councils and ski clubs. He said half of their grant is to offset costs of large groups, the grants help them to bring large groups to Mountain Village. This helps Mountain Village by bringing people to town and when they are having events at the Conference Center they want to stay in the Village. Director Greenspan asked if there were further comments or questions. President Sharp said he'd entertain a motion to adjourn.

- 4) **Adjournment** – Director Greenspan made a **MOTION** to adjourn the meeting, Director Proteau seconded the motion. The meeting was adjourned at 5:16 pm.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
DECEMBER 3, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer (via telephone), Jim Riley, Brianne Hovey, Leanne Hart, and Stephanie Fanos

**OTHERS PRESENT:** Elizabeth Howe (TSG), Robert Rogers, Ron Brumley (Telluride Web TV), Richard Child, Andy Krueger, and Bette Atkins

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- 1) **Call to Order** – President Sharp called the meeting to order at 2:04 pm.
  - 2) **Consent Agenda: Approval of September 23, 2009** – Director Greenspan made a **MOTION** to approve the Meeting Minutes, Director Volponi seconded the motion, and the motion passed unanimously.
  - 3) **Consideration and Review of the 2009/2010 Operating Plan for Station Recreation** – Director Greenspan confirmed with Stephanie Fanos that he was not recused out of this conversation. Elizabeth Howe was at the meeting to present the Operating Plan. She explained that TSG was working on some really exciting alternatives for that plan. She requested additional time and said that she would like to move item to another agenda to present the new developments. She added that there is not enough snow in that area at this time to warrant any operation day or night. Director Greenspan asked if they plan to make snow in that area. Ms. Howe responded that they always make snow in that area. Director Greenspan asked if they would be open for Christmas. Elizabeth Howe said that they are never open for Christmas, but shortly thereafter. Director Greenspan said that a public amenity would be great to have it open by Christmas. Elizabeth Howe responded that we cannot control Mother Nature and then spoke about World Cup. President Sharp asked Stephanie Fanos legal requirements regarding dates, etc. Stephanie Fanos recommended revisiting contract with TSG because there is not a date in place. President Sharp asked Director Riley if they plan to run the tubing hill this year. Elizabeth Howe responded that they are hoping to enhance activities, and that they have the intention to run lift/area. President Sharp said that he is not opposed to continuing the discussion to the January meeting. Director Greenspan said that he is always looking forward to exciting new things and asked about the tubing hill specifically. Elizabeth Howe clarified that TSG has not operated a tubing hill in that area for years and discussion followed regarding the tubing hill. President Sharp made a **MOTION** to continue this item to the January meeting, Director Greenspan seconded the motion. The motion passed unanimously with Directors Riley, Proteau, and Zemke recused.
  - 4) **Consideration of Amendments to Article 5 of the Amended and Restated General Declaration Regarding RETA Regulations** – President Sharp introduced the topic. Stephanie Fanos explained that she

received clarification from the Title Companies and therefore has provided fresh copies for the board. She outlined the changes: adding a provision that a transfer subject to a RETA exemption cannot obtain an exemption until all of the outstanding assessments pertaining to the property have been paid. She explained that with one transaction last year, TMVOA lost \$73,000. The existing RETA regulations do not have a good description of when RETA is actually due. This is significant because when RETA is past due, a 15% penalty is assessed. Realistically, title companies need time to process each transfer. The amendment states that RETA is due 5 business days after date of transfer (also defined). Voting record updates in 2008 showed that many transfers that were eligible for RETA exemption did not apply for RETA exemption and thus TMVOA records were not updated. After the adoption of amendments, TMVOA will develop a fact sheet and send out via mass mailing, email blast, and put it on the website. This fact sheet will provide clarification of process for RETA exemptions. Areas of RETA for clarification: when 2 properties exchanged and no money exchanged, RETA exemption is available for the lower value of the property. If one property is in Mountain Village and the other is not, there is no RETA exemption. Director Greenspan asked what takes time. Stephanie Fanos said that the mechanics of title companies takes time and she explained the process. She further explained how TMVOA is trying to prevent any transfers from not filing a RETA exemption or from not paying RETA. Director Greenspan asked if 5 days is enough time for a RETA payment to be processed. Stephanie Fanos confirmed. Director Proteau asked about property transfers that are eligible for RETA exemption who do not file an application. Stephanie Fanos explained that they are still eligible for exemption, but they are assessed a penalty of \$500. There is a 30 day grace period. Director Proteau asked if there is a statute of limitations. Director Greenspan asked if RETA is collected from parking space transfers or partial transfers. Stephanie Fanos confirmed. Director Zemke asked if the values of the properties are based on appraisal or a contract price in the case of a 2 property transfer where the lower valued property is RETA exempt. Stephanie Fanos explained that there is a provision that allows TMVOA to have the property appraised if we disagree with the valuation.

Stephanie Fanos explained that there is a requirement to seek approval from San Miguel County and the Town of Mountain Village to amend this section of the General Declaration. Ms. Fanos had made an appointment with the county on Tuesday and also put this item on the agenda for Town Council on Tuesday as well to obtain consent. President Sharp asked for comments or questions from board or public. Director Riley said that he would like to put this item and the policies on the agenda for the next meeting, he said that he does not fully understand all of the items and would like the opportunity to come to a better understanding. Stephanie Fanos said that she appreciates it, but would need to reschedule meetings with the town and the county and then would be looking at January for adoption. Director Sweet suggested approving the changes and asked if Director Riley wanted to amend them later, how difficult it would be. Stephanie Fanos explained that it would be the same process. Director Sweet asked about making change and then retreating. Stephanie Fanos confirmed that it would be the same process and that the complicating factor is getting approvals from the county and town. Ms. Fanos further explained that there is a transaction that TMVOA could lose significant funds on without this amendment. Director Riley asked her for details and she said she could provide those details in executive session. President Sharp deferred this topic to executive session.

**5) Consideration of Proposed Policies**

- a) **Whistleblower Policy** - Stephanie Fanos explained that these policies were scheduled to be adopted at the September meeting and then were continued. She further explained that the Whistleblower and Retention of Documents policies are required by the Sarbanes-Oxely Act and that the updated form 990 asks where those policies are in place. Ms. Fanos explained that the Whistleblower Policy protects employees, board members, volunteers from retaliation by the organization in the event that they bring to light allegations of

improper conduct. She then explained how the policy was put together. President Sharp suggested voting on each policy individually. President Sharp asked if there was any comment or discussion on the Whistleblower policy. No comment. President Sharp made a **MOTION** to adopt the resolution of the Telluride Mountain Village Owners Association Adopting Whistleblower Policy with an effective date of 12/3/09. Director Greenspan seconded the motion and the motion passed unanimously.

- b) **Retention of Documents Policy** - Stephanie Fanos explained that this policy explains which documents to keep on a permanent basis or for a number of years. She said that TMVOA has had significant issues due to lack of documentation. President Sharp asked about the issues. Stephanie Fanos said that there is no history of contracts and some procedures in place that the document has to be preserved for the length of the contract plus the statute of limitations. Director Greenspan asked about storage and whether or not there is a storage plan. He also asked how often the board would be reviewing these things. Stephanie Fanos said that the documents will be stored in electronic form. RETA documents have already been scanned and saved onto the server. This policy requires that electronic copies need to be maintained on site and off site. Original backup is time intensive, afterwards is less so. Director Greenspan said that he just signed up for offsite storage and asked what happens when the offsite server goes down and they were not able to provide answers to him. Stephanie Fanos explained that if someone cannot answer that question, you should not use them. President Sharp asked who TMVOA currently uses. Ms. Fanos said that this is a new policy and offsite storage has not been secured. Director Zemke noted that there is no language with regard to access: who has access and how to access. Stephanie Fanos said that this is a standalone policy with regards to retention only; there is a separate policy with regards to document access. Director Volponi asked about the schedule for the destruction of documents. Stephanie Fanos explained the reason behind the schedule. Director Proteau asked about the cost of storage. Stephanie Fanos explained that in moving towards electronic there will be less of a need for physical storage and thus less of a cost. Director Greenspan asked who the keeper of the records is. Stephanie Fanos explained that TMVOA is the keeper of the records (the President and COO). President Sharp said that this is a combination of IRS and Sarbanes-Oxley compliance and asked if there is a deadline. Stephanie Fanos confirmed that TMOVA is required under Sarbanes-Oxley to have this and that TMVOA is past due. President Sharp asked for further comment. There was none. Director Riley made a **MOTION** to approve the Document Retention Policy with an effective date of 12/3/09, President Sharp seconded the motion and the motion passed unanimously.
- c) **Committee Formation Policy** - Stephanie Fanos asked to move Committee Formation Policy up. President Sharp said that would be fine. Stephanie Fanos explained the history and intention of the creation of committee policies. This policy is intended to establish the framework the board will use to establish committees that will be in compliance with the Colorado Nonprofit Act and the Colorado Common Interest Ownership Act. There are two types of committees allowed: committees containing only board members and committees containing non board members. Stephanie Fanos explained that committees with non board members do not much direct power, but they can provide valuable input. Director Volponi asked if this applies to committees that the board appoints a board member to another committee. Stephanie Fanos said in that case, board members are not able to act on behalf of the association, but they still report back to the board. Another thing stated in policy is that committees are subject to the same meeting requirements as the board (meeting notices etc). All meetings of committees are open to the members. Director Riley asked if a board member has to constructively reserve authority while serving on an auxiliary committee. Ms. Fanos suggested that board members would only be charged with reporting back to the board in this instance. President Sharp asked for further questions or comments and input from public. There was none. Director Zemke made a **MOTION** to adopt the Committee Formation Policy with an effective date of 12/3/09. President Sharp seconded the motion and the motion passed unanimously (Director Greenspan was out of the room).

- d) **Budget and Gondola Committee Policies** - Erin Neer explained her memos regarding the proposed budget committee and gondola committee policies and mentioned that the policies have been in action this fall. President Sharp asked if the CRS 38-33.3-308(2) is a long clause, noting that it is referenced often. Stephanie Fanos explained that it is and that it is based on CIOAA. She further explained that they explain that board meetings have to be open to the public, that the public is welcome to comment on agenda items, etc. President Sharp asked for comments and questions. Director Volponi asked if posts on the website generate automatic eblasts. He assumed that not everyone checks the website on a regular basis. Stephanie Fanos said that could be added to item 5 on both policies. Director Greenspan said that he has concerns about over blasting members. Discussion followed. Leanne Hart gave her opinion that when the frequency of emails goes up, people pay less attention to the emails. President Sharp suggested not adding the provision. Leanne Hart confirmed that all meetings are noticed on the website and that there is a specific area for committee meetings and board meetings. President Sharp asked for additional comment. There was none. Erin Neer mentioned the formation of an audit committee in January that they will be working with the auditors. Stephanie Fanos suggested the motion to approve the formation of a gondola committee of the board and the adoption of committee policies of the board as set forth in the memo from Erin Neer to the board dated 9/23/09. Director Greenspan made the **MOTION**, President Sharp seconded the motion, and the motion passed unanimously. Stephanie Fanos suggested the motion to approve the formation of a budget committee of the board and the adoption of committee policies of the board as set forth in the memo from Erin Neer to the board dated 9/23/09. Director Zemke made the **MOTION**, President Sharp seconded the motion, and the motion passed unanimously.
- e) **Update of Ethics Policy** - Director Riley suggested discussing the ethics policy next. Stephanie Fanos provided background of conflict of interest policy and the code of ethics. President Sharp had suggested making an ethics policy that is separate from the Conflict of Interest Policy. Stephanie Fanos said that the actual code of ethics is the same with General Duty and Fiduciaries added. Paragraph D explains TMVOA's Tax Exempt Status. Director Greenspan asked for clarity on part K: Felony Convictions. Stephanie Fanos said that TMVOA does not have the ability to force a committee member to resign. She said that the board can limit to felonies involving certain charges. Director Zemke requested that the language be tailored to felonies related to questionable fitness. President Sharp asked for comments or input, there was none. With new language for paragraph K, Stephanie Fanos suggested the **MOTION** to approve adoption of the Ethics Policy with an effective date of 12/3/09 that supersedes and replaces the existing Ethics Policy of TMVOA as set forth in the proposed policy subject to the following amendment to paragraph K: that felonies shall be limited to crimes involving fraud, dishonesty, or crimes that raise questions to the fitness for serving in this position. President Sharp made the **MOTION**, Director Greenspan seconded the motion, and the motion passed unanimously.
- f) **Update of Conflict of Interest Policy** - Stephanie Fanos said that the Conflict of Interest Policy has been updated as a result of updates to form 990. TMVOA is subject to regulations by the Colorado Nonprofit Act, CIOAA, and the Internal Revenue Code. A process has been added that deals with private inurement issues and private benefit issues, which is a very detailed area of the law. Private inurement and private benefit concepts are issues to be concerned about as an organization and as individuals because TMOVA could lose its tax exempt status. In addition, disqualified persons who receive private or excess benefits can be subject to an excise tax ranging from 25% to 200%. This policy provides a process so that organization is thinking about these concepts for organization benefits and individual benefits. The State of Colorado definition of a conflict of interest is incorporated with the definition of a conflict of interest based upon the Internal Revenue Code provisions. Ms. Fanos explained how the policy was drafted. The board needs to protect the decisions that TMVOA makes. The policy serves both the interest of TMVOA, is fair,

and recognizes that there are decisions that will need to be approved that will affect for example TSG. She expressed the importance of looking at decisions closely to protect both TMVOA and the entity entering an agreement with TMVOA.

President Sharp asked where the line changes with regards to the issue of private benefit. He used the example of funding the group sales position, if we do nothing but fill up Capella, there is a breach. He wanted to know at what point it becomes a public benefit. Stephanie Fanos explained that it is a really difficult part of the law. She defined insiders as directors, officers and employees. She said that insiders are looked at very closely in the context of private inurement and there is little forgiveness. She said that private benefit extends well beyond private inurement, which deals with insiders, and applies to other individuals who are not insiders. She added a sentence in paragraph 3 that says: "TMVOA shall consult with legal counsel to assist TMVOA in determining if any matter involves or as the potential to involve private inurement, private benefit or excess benefit issues". Ms. Fanos reiterated that this is a specialized area of the law and that TMVOA has used Faegre and Benson in the past as special legal counsel and that she has identified other attorneys who specialize in the area of the law. She then explained an example of private inurement involving the sale of an asset to an insider. Director Volponi asked where the line is drawn. The board discussed the benefits of a festival. President Sharp asked if it is safe to say that if the bulk of the lodging and retail members benefit, then TMVOA should not be in trouble. Director Greenspan said that the board will go through processes, guided by staff and legal counsel and asked if there are other trigger mechanisms and how they would that play in. Stephanie Fanos said that she gets calls all of the time from TMVOA members regarding how could a particular Board member vote on a particular topic. There is a one page form that can be filed with the IRS that will trigger an investigation. Director Riley said that the issues raised here are his questions as well. He asked if there is any way in the policy to give more clarity in the way that Stephanie Fanos just described it. Stephanie Fanos explained that the policy is not intended to give clarity of what is a private inurement and private benefit and what is not. The policy is intended to provide a framework for identifying if the issues existing and a process for dealing with them. She added that she can provide a memorandum for the board members to better understand these issues. Director Riley said that further clarification would help. Stephanie Fanos said that she could arrange for an expert to speak to the board regarding these issues. Discussion followed. Stephanie Fanos said that the code does not supply a specific bright line definition. President Sharp outlined the major changes regarding private benefit and inurement in paragraph 4 of the Conflict of Interest Policy. Director Volponi said that some of TMVOA's funds go to the Gondola. Stephanie Fanos explained that TSG is always conflicted out because TMVOA and TSG are parties to several agreements regarding the gondola. Director Greenspan asked if during the audit process something would be picked up. Stephanie Fanos confirmed that it would. Ms. Fanos explained that this is an emerging part of the law and will become looked at much closer in the future. Most CIOAA organizations are not tax exempt. It is the tax exempt status of TMVOA that triggers the concepts of private inurement and private benefit. Director Riley asked if there is a way to clarify the boundaries between direct and indirect conflicts of interest. Stephanie Fanos said that she will provide a memo that will provide much more detail. TMVOA has done a much better job of calling out conflicts of interest in the last year. Director Greenspan asked about hypothetically his business doing event set up. Stephanie Fanos responded with an example: if SUNRRISE submits a bid for trash removal and is the only bidder. The board will need to determine that no one else will bid on the job and whether or not the bid amount submitted is fair. Then, the board has exercised its due diligence. If the bid is ridiculous, the board needs to really consider whether or not to follow through with that transaction. Director Greenspan explained that he's going through this process with town council now. Director Riley asked about the example of a group sales person who is hired by MTI and funded by TMVOA if they only sell Capella. Stephanie Fanos explained that they can also look at the results and say that even though the board went through the proper steps, only one hotel benefited for example. President Sharp said that there are areas

that the board needs to be watching for. He asked for further comment, questions, or input. Director Riley would like to study the policy more and see Stephanie Fanos' memo. Stephanie Fanos said that she can provide a memo and some examples that could provide more clarity. President Sharp made a **MOTION** to continue this discussion to the January meeting. Director Zemke seconded the motion and the motion passed unanimously. Director Sweet asked if there is an urgency to adopt this policy prior to January 1 with regards to private inurement. Stephanie Fanos recommended that this policy be in place by the time TMVOA goes through the audit.

President Sharp asked if there were any time conflicts for the afternoon. Director Zemke said that he would need to leave by 4:30 pm. Stephanie Fanos suggested going to executive session for the purpose of discussing the RETA amendments and then come out to vote before anyone leaves. Director Riley said that he was able to read through the RETA document and added that he had no questions. President Sharp made a **MOTION** with an effective date of 12/3/09 to adopt the First Amendment to the Amended and Restated General Declaration for the Telluride Mountain Village Owners Association with regards to RETA, as submitted. Stephanie Fanos said that the effective date will be the date the amendment is recorded rather than 12/3/09. President Sharp amended motion accordingly. Director Volponi seconded the motion and the motion passed unanimously.

- 6) **Executive Session** – The board moved into executive session at 3:51 pm via a **MOTION** made by Director Zemke to executive session, seconded by President Sharp. The meeting moved back to regular session by a **MOTION** by Director Greenspan. The motion was seconded by Director Volponi and passed unanimously, with Director Zemke excused.
- 7) **New Business** – President Sharp said that TMVOA needed a subcommittee to address current staff concerns and issues and establish what the personnel structure will look like going forward and report back to the full board with recommendations. President Sharp, Director Greenspan, and Director Riley each volunteered to be on committee. Stephanie Fanos asked what the name of this committee would be. Director Volponi suggested Staff Organization Committee and President Sharp confirmed the name. Director Greenspan made the **MOTION**, Director Proteau seconded the motion, and the motion passed unanimously.
- 8) **Adjournment** – Director Greenspan made a **MOTION** to adjourn the meeting, Director Volponi seconded the motion. The meeting was adjourned at 5:26 pm.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
DECEMBER 9, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet (via telephone), Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer, Jim Riley, Brianne Hovey, and Leanne Hart

**STAFF EXCUSED:** Stephanie Fanos

**OTHERS PRESENT:** Ron Brumley (Telluride Web TV), Stash Wislocki (TAB and Mountain Film), Richard Child, Kate Rideout (MTI)

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- 1) **Call to Order** – President Sharp called the meeting to order at 4:06 pm.
  - 2) **Consideration of Resolution to Adopt Assessment Rates for 2010** – President Sharp said that the resolution keeps the rates the same as they have been in the past. He said this is not the time to raise the assessment rates as there is no pressing need. Director Riley made a **MOTION** to approve the assessment rates as presented in the board packet. Director Zemke seconded. Erin Neer noted that TMVOA will continue to offer a 10% discount for prepayments. President Sharp asked for public comment. There was none. The motion passed unanimously.
  - 3) **Adoption of 2010 Budget** –
    - a. **Consideration of Motion to Adopt 2009 Revised Budget and 2010 Proposed Budget for Gondola and Chondola Funding and to Adopt the 2010 Operating Schedule for the Gondola**
    - b. **Presentation of Final Revised 2009 and Proposed 2010 Budget Drafts**
    - c. **Resolution to Revise 2009 Budget**
    - d. **Resolution to Adopt 2010 Budget**

President Sharp started with the Revised Budget. He asked Erin Neer to explain why the board needs to adopt a revised budget. Erin Neer suggested reviewing the Gondola Budget first. Director Greenspan said he thinks he cannot vote on Gondola. President Sharp confirmed. Director Volponi made a **MOTION** to approve the Gondola budget as proposed. Director Sweet seconded the motion. President Sharp mentioned that nothing has changed in this budget since it was presented in the November meeting. Erin Neer noted a typo in the Town's memo regarding the Gondola cabin inclusion, which is actually not in the budget. Ms. Neer asked if the board would like to approve the 2010 Operating Schedule in the same motion. Director Volponi amended his motion to include the 2010 Operating Schedule as presented. Director Sweet seconded. The motion passed unanimously with Directors Riley, Proteau, Zemke, and Greenspan recused.

President Sharp moved on to the Final Revised 2009 and Proposed 2010 Budgets. Erin Neer explained the significance of the revised budget. President Sharp said it is strictly a formality. Erin Neer talked about RETA and stated that there is a bit more stability and accordingly the RETA projections for 2009 has increased. President Sharp looked for a motion to approve the Revised 2009 Budget. Director Riley made a **MOTION** to approve the Resolution to approve the Revised 2009 Budget with revenues of \$5,370,204 and Net Income of a loss of \$2,930,656. Director Greenspan seconded the motion. The motion passed unanimously.

President Sharp said the last item is the approval of Resolution to Adopt the 2010 budget. Erin Neer said there have been a few changes including updating and reanalyzing RETA revenues. She said she is recommending a budget level of \$2.5 million instead of \$2.2 million. Ms. Neer said she also revised the Bad Debt Allowance due to amendments made last week regarding RETA exemptions. Operating expenses increased by \$75,000 to cover the Economic Development position. She said the November 18<sup>th</sup> budget had a couple of incorrect numbers that have been corrected. She also said the detail of Grant Awards was updated. Ms. Neer asked the board if they would like to go through any details on the RETA performance. Erin Neer explained that RETA has gained more traction in the past few months both in terms of the number of transactions as well as the dollar amount of the transactions. President Sharp asked for a motion to adopt the budget. Director Volponi made a **MOTION** to approve the 2010 proposed budget with revenues of \$4,227,781 and a net deficit of \$1,192,904. Director Proteau seconded. President Sharp asked for questions and/or comment. The motion passed unanimously.

- 4) **Adjournment** – Director Riley made a **MOTION** to adjourn the meeting which passed unanimously at 4:19 pm.

MINUTES OF THE ANNUAL MEETING OF MEMBERS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
DECEMBER 30, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Jonathan Sweet, Daniel Zemke, Dave Riley, Jeff Proteau, John Volponi, and Jonathan Greenspan

**STAFF PRESENT:** Erin Neer, Stephanie Fanos, Brianne Hovey, Jim Riley, and Leanne Hart

**MEMBERS PRESENT:**

**OTHERS PRESENT:** Ron Brumley (Telluride WebTV)

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- 1) **Roll Call and Determination of Quorum** – President Sharp called the meeting to order at 4:18 pm. Stephanie Fanos verified that a quorum has been achieved in the commercial and lodging classes. At the time the meeting commenced, there were 431.5 of the 448 votes needed to have a quorum in the residential class. She explained that no action can be taken without a quorum.
  - 2) **Verification of Notice of the 2008 Annual Meeting** – Leanne Hart said the Notice of the Annual Meeting was mailed by U.S. Postal Service to all members on November 27<sup>th</sup>.
  - 3) **Approval of the 2008 Annual Meeting Minutes** – Director Proteau made a **MOTION** to approve the 2008 Annual Meeting minutes, Director Zemke abstained, and Director Riley seconded the motion. The motion passed unanimously, with Director Zemke abstained.
  - 4) **Results of the Election for Directors** – Leanne Hart presented the election results. The Lodging Class consisted of two candidates. Of the approximately 300 ballots sent out, 58% were received. In the Residential class, there was one candidate. The new representative for the Residential Class is Rick Hurwitz, with 24% of the votes. The new representative for the Lodging Class is Kevin Jones. The Mountain Special Member representatives are Dave Riley, Jeff Proteau and Daniel Zemke. Stephanie Fanos confirmed for the record that TMVOA has received a letter designating the Mountain Special Member Appointments. Leanne Hart added that Roberta Peterson, the 3rd party vote tabulator, who was assigned by the board in October, tabulated the election.
  - 5) **State of the Association** – President Sharp presented the member education. TMVOA formed in 1984 and is a nonprofit corporation; it's a property owners association, and is a tax-exempt organization, or a 501(c)(4) Organization. TMVOA is not a government or quasi-governmental entity, TMVOA collects assessments, not taxes. Members are property owners; there are four classes of members: residential, lodging, commercial, and Mountain (TSG). He displayed the number of properties and votes as well as the percentage of assessments by class. TMVOA's governing documents consist of the General Declaration, Articles of Incorporation, Bylaws, Policies and Procedures. All of which are available on TMVOA's website, [www.tmvoa.org](http://www.tmvoa.org). Laws that govern TMVOA include the Colorado Common Interest Ownership Act (CCIOA), Colorado Nonprofit Corporations Act, and the Internal Revenue Code Section 501(c)(4). There are increasingly more and more forms and stipulations to comply with. The TMVOA board is made up of seven seats, including three elected officers: President, Vice President, and Secretary. Sources of

revenue consist of Monthly Assessments, Real Estate Transfer Assessments (RETA), Rental Income (TMVOA owns the grocery store, the post office and the Blue Mesa building), and Investment Earnings (exceedingly down). TMVOA's obligations, President Sharp explained, are funding the Gondola (the Town operates the Gondola), the expected cost of which is \$3.28M, Gondola Debt (\$68k), and Assessment pledge on Village Court Apartments Debt (\$1.1M). TMVOA transfers the assessments received each month to a custodial account for VCA and when the Town makes their payment, TMVOA receives the funds back at the end of the year. Questions President Sharp hears on everything else TMVOA does are why is TMVOA giving away grants? and why is TMVOA doing events? He explained it goes back to Article of Incorporations, Article IV (a): Purposes: To promote the health, safety and welfare of all members of TMVOA; to establish, provide and maintain a desirable community environment for all owners, lessees and guests; and to protect and preserve the property values and property rights in Mountain Village. President Sharp gave a brief description of RETA. RETA is 3% of the purchase price, it is not a tax, it is imposed under General Declaration. Each time a property is transferred there is either a RETA payment or an approval of a RETA exemption application. The Board of Directors adopts the Budget; Annual Members' Budget Meeting is held in November to provide comment and input on the Budget. President Sharp asked for questions. There were none.

President Sharp then gave a State of the Association Address. He displayed a chart of TMVOA's operating expenses (Administrative, Gondola, Events, and Member Communications). Two major things that happened in 2009: Ecosign Core Revitalization Study (the Ecosign report is being used as a resource for the 15 year plan) and the Parametrix Gondola Analysis. TMVOA investments include: Capella (TASP, Ice Rink, post office) and Gondola improvements. Between 2004 and 2009, TMVOA invested \$17M in projects. 2010 Community Programs will include: Guest Services, Grants, Donations, Sponsored Events, Regional Marketing, and Group Sales. Through the work with the Town and the Telluride Foundation, charitable donations paths have been established, allowing TMVOA to focus on funding events. President Sharp addressed the Balance Sheet. TMOVA is \$5M below 2008 levels in current assets. The bottom line is \$3M shy of where the organization was a year ago in working capital. Budget Summary: Anticipating being short \$1M. At the end of 2008 there was unreserved working capital of \$13M, however in 2008 TMVOA was not reserving for anything. In 2009 TMVOA developed a Reserve Policy as a good business practice and due to increasing requirements from CCIOA. Reserves are for the organization's properties and future Gondola expenses. If things do not get worse or better, in lieu of the fact that TMVOA has reduced expenditures, at the end of next year the unreserved working capital will \$4M.

President Sharp asked if there were any questions. Don Orr asked what the overall budget for the Group Sales effort is, and if the Town has contributed. President Sharp said the Town has not budgeted funds for this. TMVOA cut out a lot of fat and a lot of good causes as well. The board looked at where TMVOA is and where it will be in the future. The board determined that after meeting Gondola costs and debt needs, the most important thing that TMVOA can do is try to generate economic activity in Mountain Village. The \$250k will be used to hire a group sales person who will bring groups to the Village. Don Orr said it seems that the Town would be a big beneficiary to this effort and asked why the Town is not contributing. Greg Sparks said the Town does contribute to the group sales effort. The Town is contributing \$65k to MTI's efforts in 2010. In addition lodging tax and business license fees go towards MTI's efforts; the Town also subsidizes the conference center. Richard Child asked how this new role will fit in with MTI's efforts. President Sharp said TMVOA expects to work through MTI. TMVOA expects to fund and be involved in the hiring process, etc. TMVOA is not going to hire a group sales person. The relationship will be set up to get feedback to measure funds. Peter Faklis said TMVOA spent \$275k in Group Sales in 2009 and asked about ROI. Director Sweet said part of that \$275k is bringing in ski clubs and then there was regional marketing. President Sharp elaborated on how the \$275k was spent in 2009. Peter Faklis

asked about a method to track the ROI. President Sharp said before releasing \$250k to MTI, TMVOA will make sure that a tracking mechanism is in place. Jim Wayman asked that the board present members with historical statistics vs. statistics of 2010 vs. projection of future statistics at next year's meeting. President Sharp said the board does do analysis of economic return currently and can certainly provide analysis next year regarding Group Sales. He added that TMVOA and MTI should be able to track this project with great accuracy. President Sharp said they will be able to measure how many people this effort will bring, but they will not be able to track money spent here vs. Telluride. Hotel rooms will be quantifiable. Discussion about grants between Greg Ritter, President Sharp and Director Volponi followed.

Greg Ritter asked about reserves and if there had been discussions of what level the board would let the undedicated reserves get to before increasing assessments. President Sharp said the board has not had the specific discussion but looked at not spending any money, or to spend a little and try to stimulate the economy. If things do not get any better and do not get any worse, TMVOA could continue for three more years without increasing assessments. But, certainly another year like this would lead to a reassessment of the budget. Director Sweet said this year has shown the reality of the need for reserves. The revenue stream is unpredictable.

John Francis said thanks for an excellent presentation and thanks to the board members for their time. He asked for verification that 80% of revenues come from homeowners. President Sharp confirmed 80% of assessments are from homeowners. John Francis said he is not sure of direct benefit to homeowners. He had heard that there could be a potential of raising assessments and suggested that he would rather slash events or lower RETA to attract new buyers to bring in money. President Sharp answered as a homeowner saying, we need to look beyond the first hill. He sees having a healthy retail core as maintaining the value of his home, having good hotels, maintains home value. There is an indirect benefit. Director Sweet said Mr. Francis' comments are very interesting. Mountain Village's competitor is the town of Telluride. He asked Stephanie Fanos if TMVOA can raise or lower RETA. She confirmed. TMVOA has evolved from the ski resort, ski resort has evolved. There needs to be a vibrant ski resort and a vibrant core. There is no question that residents need to know they are going to get something for investing in the community.

Jim Wayman asked how TMVOA and the Town of Mountain Village interface. Director Greenspan said that he is on both Town Council and TMVOA and is pushing for the two to work a lot closer together and to not duplicate jobs. Director Zemke said he served with Director Volponi and Director Greenspan where they worked with the Town of Mountain Village and Telluride Foundation to make sure that when people come to this town seeking grants they are directed to the Town, while event related inquiries are pushed to TMVOA. President Sharp added that the spirit of cooperation has increased.

Christina Olfson asked about the timing of hiring a Group Sales person. President Sharp said there is no definite time line, but they want to get things moving. They do not want to move too fast and hire the wrong person, they want to do it right and hire a first class sales person. Ideally someone would be in place by the end of the first quarter, but that is not a hard deadline. John Francis asked each board member to think of homeowners with each decision they make for economic stimulus. Director Sweet said all board members have a responsibility to think about the organization and all classes as a whole.

Nancy Orr asked if there was one person or entity in charge of marketing. President Sharp explained the next step in the process is to get MTI together with the hotels, the Conference Center and TSG to work on coordinating efforts. Director Riley explained that in the last year, a new committee of people has formed consisting of TMRAO, MTI and TSG; historically these have been the three entities with big marketing budgets. The committee meets monthly and coordinate plans by market, season, etc. This has happened in

the last year. TMOVA needs to join this group. President Sharp asked if there were any other questions. There were none.

- 6) **New Business** – Director Greenspan recommended the new board do a retreat as well as have a retreat with Town Council. Director Proteau asked if there would be two different retreats. Director Greenspan said yes: first TMVOA would hold a retreat to see where TMVOA is headed and then would hold a retreat to meet with Town Council. Director Riley thanked Director Sweet and Director Volponi for their participation and support and added that he hopes Director Volponi will continue to come to the meetings. Director Sweet thanked TMVOA staff, they are incredibly hard working, it has been a pleasure to work with the board and the community, thanked his wife and children, thanked his father. President Sharp presented Director Sweet with a photograph as a token of appreciation.
- 7) **Adjournment** – Director Sweet made a **MOTION** to adjourn the meeting, Director Proteau seconded. The meeting was adjourned at 5:26 pm.

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS  
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION  
DECEMBER 30, 2009

**BOARD MEMBERS PRESENT:** Nelson Sharp, Daniel Zemke, Dave Riley, Jeff Proteau, Jonathan Greenspan, Rick Hurwitz, and Kevin Jones

**STAFF PRESENT:** Erin Neer, Stephanie Fanos, Jim Riley, Brianne Hovey, and Leanne Hart

**OTHERS PRESENT:**

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- 1) **Call to Order** – President Sharp called the meeting to order at 5:34 pm with the purpose of electing officers for the coming year.
  - 2) **Election of 2010 TMVOA Officers** – Director Zemke made a **MOTION** upon seeing Director Riley’s proposal regarding a process for electing officers, to bring all the directors’ names to the plate and vote by secret ballot. Director Hurwitz asked if are there officers who would like to serve, particularly as president. He said President Sharp has acted as president in the last year; he believes it takes time to get people into a groove. Director Proteau said he is interested in running. He said he has a lot of experience and started as the first MVMS employee 25 - 30 years ago. He acted as the Chairman on the Design Review Board for 15 years and was the first Community Development Director in the Town of Mountain Village. He said his background is more Mountain Village than ski area. He feels that he has the ability to work symbiotically with the ski area, the members, and the Town. He understands the residential members’ interests are to maintain property values and the vitality of the resort community. Director Zemke said he is looking at it more from a procedural basis. He said the bylaws require some sort of procedure for the election of officers and TMVOA does not currently have a procedure in place. Stephanie Fanos said the governing documents are circular and there is in fact no designated procedure. The board can determine what the procedure is. Director Zemke said his concern is having a procedure put in place moving forward. Stephanie Fanos said the board should look at adopting a permanent procedure in a future meeting. Director Riley seconded the motion as he understands the motion: to accept all number of nominees to create a slate; board members would then write the name of the board member they are voting for on a piece of paper. He said it seems like an open and fair way to do it. He added that is what he saw at Town Council. He said most organizations do something similar. Director Hurwitz said more often when there is a consensus around an individual that is the person who is elected. Director Hurwitz said on behalf of the residents and the individual who spoke about the balance between dues paid and representation; there is a balance residents are looking to achieve with respect to this organization. He said that balance in part comes by having president who is a resident. President Sharp said in talking about procedure, his only concern is a lack of transparency. He asked Stephanie Fanos for input. He added that the Town did vote this way, but he thought he had heard some protests about it. Erin Neer said the Town ran into some legal precedence. Stephanie Fanos said that is a municipality issue. TMVOA could adopt this procedure and would need to retain the ballots for record. Erin Neer asked if, from a public records standpoint, each

board member would have to write their name and the person they are voting for on the ballot. Stephanie Fanos said it is a secret ballot in that the results are reported without reference to who voted for whom, but each individual would need to write down their name and who they are voting for. President Sharp asked about the procedure; if three people were nominated for a position and the vote is 3-2-2, would that constitute a majority. Stephanie Fanos said no, a majority would have to be four. The board would continue to re-do the vote until someone is elected. President Sharp said one problem with a Mountain Member President is that he would be conflicted out on the Gondola issues. Director Zemke said that would preclude a Mountain Member from conducting and leading that particular discussion. Stephanie Fanos said the Mountain Member would be prohibited from voting and prohibited from discussing. Ms. Fanos said she would recommend that the VP step in to lead that discussion. Director Zemke amended his motion regarding accounting procedures. Stephanie Fanos said there are limited resources. Votes should not be tabulated by a board member, but staff could tabulate the votes or the board can designate someone in the public to tabulate. Director Zemke amended his motion to state that votes be tabulated by a third party: either staff or staff and members of the association. Director Hurwitz said rather than talk about procedure he'd like to see if there is a consensus on a president. He said there are two individuals looking to be candidates; put your hand up for one of them. Director Riley said there is a motion on the floor that needs to be voted on. Director Zemke said he sees two separate issues. One is procedural, and the other is electing a president. The procedural issue needs to be settled first. Director Hurwitz said he is trying to deal with this in practice rather than process. Director Riley said he thinks it is important to have a process. Last year one nominee was voted on and passed and precluded more than one nominee. President Sharp asked if there was further discussion on the motion. There was none. President Sharp called for a vote on the motion. The motion passed by a majority with Director Hurwitz opposed. Stephanie Fanos suggested establishing tabulators prior to nominations. The board decided that Brianne Hovey and Leanne Hart would tabulate the votes and that Jonathan Sweet and John Volponi would verify. Director Greenspan nominated President Sharp, Director Zemke nominated Director Proteau. The board voted by secret ballot. Jonathan Sweet announced the results. Director Proteau was elected president with four votes, President Sharp had three votes. President Proteau asked for nominations for Vice President. Director Riley nominated Director Greenspan for Vice President, Director Greenspan respectfully declined. Director Hurwitz nominated Director Sharp, Director Zemke seconded. The vote was unanimous for Director Sharp as Vice President. President Proteau asked for nominations for Secretary. Director Greenspan nominated Director Zemke, Director Jones seconded. The vote was unanimous for Director Zemke as Secretary.

- 3) **Consideration of Setting a Date for the January 2010 Board Meeting** – Erin Neer said in the past the meetings have been on the 3<sup>rd</sup> Wednesday of the month. She added it would be nice to have a set schedule, but for January she'd like date that works for everyone so that the entire 2010 schedule can be set at that meeting. President Proteau asked what the date of the 3<sup>rd</sup> Wednesday would be. Director Hurwitz asked about closing the books for monthly financials. Erin Neer said in order to have the prior month's books the 4<sup>th</sup> week would be easier. Director Hurwitz said he thinks having meetings in the 4<sup>th</sup> week would be better. He recommended Thursday. Director Greenspan said he would prefer the 3<sup>rd</sup> Wednesday. Director Riley said he prefers the 3<sup>rd</sup> Wednesday as well. Director Hurwitz not able to attend the 3<sup>rd</sup> Wednesday of January. Director Sharp requested that the January meeting be established and then the remaining meetings can be scheduled at that meeting. He feels that the January meeting should be held earlier than later. Director Zemke said he serves at the pleasure of the board. January 13<sup>th</sup> was suggested as a date. President Proteau made a **MOTION** for the next meeting to be held on January 13, 2010 at 4:00 pm. Director Hurwitz seconded. The motion passed unanimously. Director Greenspan said he brought an idea for the retreat and asked President Proteau if he wanted to set the dates for the retreat at the January meeting. Stephanie Fanos said there was no new business in this meeting, but that President Proteau could take an agenda request for the January meeting.

- 4) **Adjournment** – Director Zemke made a **MOTION** to adjourn the meeting, Director Sharp seconded. The meeting was adjourned at 5:59 pm.