

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS
TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION
MARCH 31, 2008

BOARD MEMBERS PRESENT: Mike Wisniewski, Dave Riley, Richard Child, Jeff Proteau, Mike Perkins, and Jonathan Sweet via telephone

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

OTHERS PRESENT: Tisha Laframboise and Peggy Sue Summers of Community Banks, Neil Hastings and Steve Togni of the Mountain Lodge, Chris Maughan and Todd Baige of Alpine Bank, Michael and David Wright of American National Bank, Joe Soloman, Karen Byrom and Charlie Bantis of Vectra Bank, Noel Vanlandingham of the Peaks Resort, Ron Brumley, Charles Alvare and Colleen Brophy of UBS via telephone, Molly Wollahan, David and Randy Edwards via telephone

- 1.) **Call to Order** – President Mike Wisniewski called the meeting to order at 9:03 a.m.
- 2.) **Consideration of Board Approval of Candidate for Class B Lodging Member** – President Wisniewski explained that TMVOA has been without a lodging representative on the board since December 2007. The current board has interviewed three qualified candidates. President Wisniewski asked for the board to make a nomination. Director Child nominated Steve Togni of the Mountain Lodge. The board discussed whether they should go straight to a vote, or hold a discussion based on Director Child's nomination. Director Riley said that he would like to see an equal opportunity for all of the nominees and asked Director Child to include Noel Vanlandingham in his nomination. President Wisniewski asked the board to entertain a discussion of all three nominees: Noel Vanlandingham, Steve Togni, and Teddy Errico. Each of the board members thanked the candidates for their interest and their time. Director Proteau felt that having a board member from the Peaks would bring stability and voiced his preference for Noel Vanlandingham. Director Child voiced his preference of a representative who manages a hotel or lodging facility and recommended Steve Togni once again. His nomination was also based on Mr. Togni's time spent in the community and his relationship with the Colorado Hotel Association. Director Riley asked Stephanie Fanos whether the Peaks controls the lodging seat in a normal election. Ms. Fanos confirmed that the Peaks has controlled this seat in the past, but that this could change in the future depending upon certificates of occupancy. Ms. Fanos also clarified that, as stated in the governing documents, the lodging member appointed at this meeting will remain on the board until the next annual meeting. At which point, TMVOA will hold an election to determine the board member who will fill the lodging seat for the remainder of this two year term. Based on this information, Director Riley nominated Ms. Vanlandingham in hopes of establishing continuity in the board. Director Sweet felt that all three candidates are well qualified. President Wisniewski then called for a vote by member. Director Proteau and Director Riley voted for Noel Vanlandingham, Director Child, Director Perkins, Director Sweet, and Director Wisniewski all voted for Steve Togni. Steve Togni was appointed to the TMVOA board by a 4-2 majority. The board invited Mr. Togni to join them at the table for the remainder of the meeting. The board thanked Noel Vanlandingham for her interest and invited her to share her opinions with them at anytime.

3.) **Consent Agenda** –

- a. Approval of the Minutes of the Regular Meeting of February 27, 2008
- b. Approval of the Minutes of the Special Meeting of March 10, 2008
- c. Receipt of Operations Report and Financial Update
- d. Approval of Recommended Phone System
- e. Approval of Recommended Historical Data and System Purchase (Incode)
- f. Update on Progress of Guest Services Plan Proposals – Scott McQuade

President Wisniewski asked if there were any questions on the consent agenda items. Director Riley asked about the development of a parking committee. Stephanie Fanos explained that the consent agenda is reserved for items that are not up for discussion, but rather are for the board's approval or disapproval. Director Riley made a **MOTION** to remove the March 10, 2008 special meeting minutes from the consent agenda and approve the remaining items on the consent agenda as they are. Director Proteau seconded the motion and all were in favor.

- 4.) **Discussion of the March 10, 2008 Special Meeting Minutes** – Director Riley said that when this meeting entered executive session, Directors Riley and Proteau were recused due to a potential conflict in interest. They were not aware that the meeting would return to general session. He said that in the future if this happens again that the board members need to be made aware that the meeting will resume in general session. Director Riley said that he could only approve the minutes for the portions of the meeting in which he was in attendance for. Director Riley made a **MOTION** to approve the minutes with the clarification that he and Director Proteau were no longer in attendance of the meeting when it returned to general session. Director Child seconded the motion and all were in favor.

- 5.) **Consideration of Selection of Banking and Investment Services Proposal** - Erin Neer thanked the banking institutions that participated in the RFP process. Ms. Neer said that her goal is to make things as empirical as possible, thus the staff's evaluations are based upon empirical criteria, the first of which is the monthly cost. Director Sweet recused himself from the banking conversation. Ms. Neer went on to explain that the banks each had a rank based upon their monthly cost. In addition to costs, quality of service plays a strong role in keeping internal costs down. The qualitative evaluation was based on three criteria: TMVOA staff's professional experience with each bank, detailed questionnaires for bank references, and the responsiveness of each bank during the RFP process. Ms Neer summarized that Alpine Bank ranked the highest, Vectra Bank and Community Bank were tied at second, US Bank ranked third, American National Bank fourth, and Wells Fargo Bank last. Ms Neer gave her recommendation to the board to select Alpine Bank, sighting that they are the second lowest in cost, saving TMVOA more than \$2,000 per year, and they are the highest by far in the quality of customer and technological service they offer.

The second portion of the proposal was for investment services. There were two banks that submitted proposals for the investment services independently from banking services: AXA/Sovereign Advisors Team, and UBS. The investment proposals were ranked based upon their assets and their financial ratings. In addition to lowest cost, Alpine Bank will also offer internal staffing efficiencies. Ms. Neer also recommended Alpine Bank for TMVOA's Investment Services. Director Child asked Ms. Neer who TMVOA uses for their investment services currently and what type of investment is TMVOA looking at. Ms. Neer replied that Piper Jaffray provides TMVOA with their investment services and added that they did not send a proposal even though they were invited to do so. Ms. Neer said that TMVOA is looking at Corporate bonds AAA rated, and that their policy is a no risk policy. Director Child asked who were the RFPs sent to in addition to those who responded. Ms. Sweet explained that financial institutions were informed via local advertisements, others sent direct proposals. Director Child asked if the fees are all

inclusive at Alpine Bank, AXA, and UBS. Ms. Sweet had confirmed with Alpine Bank that their fees are all inclusive and she added that she can follow up with AXA and UBS. Adam Detlinger in Grand Junction would be TMVOA's investment contact and fund manager at Alpine Bank. Director Child asked about the terms and length of a contract TMVOA would have with any of the financial institutions. Ms. Neer said that TMVOA would not have obligations regarding the length of a contract, but that she recommends a 3 year term particularly with the banking services. She added that she would be comfortable with a trial period with the investment service provider. President Wisniewski asked for questions and comments. Charles Alvare and Colleen Brophy of UBS asked for a minute to speak to the resources of UBS. UBS is one of the largest financial firms in the world with over \$2.5 trillion in assets. They do business in 55 countries with a focus on wealth management. Colleen Brophy advised that going with the lowest cost provider may not allow an entity to have access to all of the bonds available. A low cost investment can yield lower returns. Her advice to TMVOA is to have as many brokers as possible available to invest on TMVOA's behalf. She said that having greater access to bonds translates to a cost savings. She urged the board to look at the potential funds lost by going with the lowest cost institution instead of focusing on the money saved. Ms Brophy said that the most important quality in a short portfolio is preservation of capital and having liquidity. Director Child questioned whether the board wants to solicit other bids, or if the board feels comfortable with asking UBS to revisit their management fees. Director Riley said that he does not feel there is a need to use the same firm for both banking and investment. He said that the board is looking for greatest return and access to liquidity. He asked Ms. Neer if she were to break out the investments from the banking, what her recommendation would be. Ms Neer responded that she would recommend either AXA or UBS for investment services. She followed by saying that UBS has more depth, but AXA manages trillions of dollars as well and they are also rated similarly. The fees at UBS are greater than at AXA. Ms Neer then explained the advantages of going with investment firm. On TMVOA's investment side, a lot of money locked up until maturity, which mitigates the urgency for an immediate decision, although a significant amount of investments are in a money market fund waiting to be invested. Ms. Neer asked the board to appoint a committee to assist her with the investment recommendation. President Wisniewski said that there will not be an April board meeting and that there is an item on the agenda to discuss the board meeting schedules. He suggested that the board make a decision on the banking services in order to begin right away; he added that he feels comfortable waiting to make a decision on investment services. Director Child made a **MOTION** to approve TMVOA staff's recommendation to hire Alpine Bank for their banking services. Director Proteau seconded the motion. There was no further discussion or objection and all were in favor. President Wisniewski asked for a motion to differ their decision on TMVOA's Investment services until the next meeting. Director Child recommended that board make a decision by unanimous consent. President Wisniewski modified his motion that the board could make that decision at the time they are ready to: by unanimous consent, special meeting, or at the May 2008 board meeting. Director Riley adopted the **MOTION**, Director Perkins seconded the motion and all were in favor.

- 6.) **Consideration of Authorizing Budget for Purchase of New Accounting System** – Erin Neer began by explaining to the board that TMVOA is currently using QuickBooks as their accounting system and that QuickBooks is not serving TMVOA's needs. Ms. Neer has been looking for an accounting system that will reduce the server needs and take care of the voting database as well as the accounting database. She has looked at nine different options and the solution that she recommended is called NetSuite. The initial cost of using NetSuite is \$25,000, which Ms. Neer sees as an investment rather than an expense. NetSuite is a hosted system that gets backed up every fifteen minutes. TMVOA staff Erin Neer and Brianne Hovey would work with programmers to dial the system to TMVOA's needs. Ms. Neer believes this will help save money on internal technical support. Director Riley asked if NetSuite's monthly maintenance allows for upgrades as they are available and 24 hour customer service. Ms. Neer confirmed that the fees allow

for these services and more. Director Riley said that he is supportive of Ms. Neer's recommendation. Discussion followed regarding the fees and the services of NetSuite. Director Riley made a **MOTION** to approve the purchase of Net Suite for TMVOA's accounting and voting records system. Director Sweet seconded the motion and all were in favor. Erin Neer thanked the board and said that the staff's goal is to have NetSuite fully implemented by the end of May 2008.

- 7.) **Consideration of Appointment of Dave Riley and Mike Wisniewski to Economic Sustainability Committee** – Mike Wisniewski began by saying that this is a continuation of a discussion that began in December. Erin Neer provided the history of the Economic Sustainability Committee, which is a five person board consisting of one member from MTI, two members from TMVOA, and two members from the Town of Mountain Village. Currently, TMVOA is not represented as Mark Manley and Ken Stone were the previous TMVOA representative and new representatives have not since been appointed. The Economic Sustainability Committee primarily makes decisions regarding land use. President Wisniewski asked that Director Child be appointed as their alternate. Director Child made a **MOTION** to appoint Directors Riley and Wisniewski to the Economic Sustainability Committee. Director Perkins seconded the motion. Director Proteau asked Directors Riley and Wisniewski that if at any time they feel the need to involve more board members, they should feel free to do so. Discussion then followed regarding the funding of this committee and its policies. Stephanie Fanos explained that the committee has to be in full agreement to make any changes. After discussion, there were no objections to the motion; Directors Riley and Wisniewski will serve on the Economic Sustainability Committee.
- 8.) **Discussion on TMVOA Board Meeting Schedule** – Mike Wisniewski said that the board currently meets once a month President Wisniewski does not feel that they have that much to discuss. Director Child's schedule works best on Mondays. The board agreed that Mondays will work well for all board members. President Wisniewski asked the board to consider meeting on the 3rd Monday of the month beginning June 16, September 15, and November 17. Two other meetings that are required by the bylaws are the budget meeting and the annual meeting which are scheduled on November 28 and December 3 respectively. Director Sweet commented that the board may want to change the time at which these meetings are held in order to enable more members to attend. He also added that as the annual meeting was previously held in August, maybe TMVOA should still host a picnic for the members and board to mingle. President Wisniewski replied that he was open for anyone to suggest a time of day to meet. Director Child asked that the time selected be consistent for each meeting. Director Proteau commented that as the meetings are webcast, the time of the meeting may not be as important as making sure they host a picnic and/or annual meeting which members can attend and provide feedback. Director Riley said that he is fine with the meeting schedule as presented, as long as the meeting schedule does not interfere with the board's ability to make decisions. He asked that when board action and approval is necessary that the board may do so by unanimous consent. The board discussed ways to get input from TMVOA members. Erin Neer asked the board to actively participate in the budget process and long term planning. The board discussed to possibility of having work sessions for the budget season. Directors Wisniewski and Riley are on the financial subcommittee. Erin Neer said that the members appreciate transparency in regards to financial matters and that budget presentations are important for communicating these matters to the membership. Discussion followed regarding meeting space, whether to hold meetings at Town Hall or in the Blue Mesa building. President Wisniewski asked what time of day is best for the meetings. Director Perkins said that noon meetings work best for his schedule. Director Proteau made a **MOTION** to approve the new meeting schedule and meeting time and directed TMVOA staff to notify the members of the changes. Director Child seconded the motion and all were in favor.

- 9.) **Discussion on Grant Review Process and Policy Development** – Erin Neer said that TMVOA staff is looking for direction from the board regarding the current grant cycle and that the staff recommends having more than one grant cycle. Staff recommends that the September grant cycle continue as the main grant cycle and that the second grant cycle would be smaller grant cycles that people are aware of, but are not solicited for. Staff also recommends a policy that no one applicant can receive more than one grant in a year. Ms. Neer asked the board how they would like to see grant applications. Director Child asked how many more grant requests TMVOA expects to come in and whether the amount of the funds would increase. Ms. Neer explained that there is an amount set in the budget for grants that TMVOA will not exceed. She also said that there are a couple of grants that were approved that did not materialize. Currently, TCTV is filing a new grant application with TMVOA and Jim Riley will follow up with Habitat for Humanity and the regional child care centers. Jim Riley explained that the second grant cycle would insure that each grant application goes through the same process. Director Proteau asked if TMVOA has sorted out the difference between funding an event and a grant. Discussion followed. Director Riley said that two grant cycles is enough, and he asked staff to continue to make their recommendations, go through the due diligence and bring their recommendations to the board for approval.
- 10.) **Other Business** – Mike Wisniewski said that TMVOA has not formally thanked two of their former board members: Mark Manley and Eric Sather. Eric Sather donated time to daycare. Mark Manley put in a lot of time to help Director Sweet to move TMVOA away from the Town of Mountain Village. TMVOA staff informed the board that they have sent each of the former board members a thank you note as well as a small gift.
- Directors Riley and Wisniewski would like to form a parking subcommittee with interests in relation with the master plan. President Wisniewski said that he and Director Riley would serve on that subcommittee and that they would report back to the board on a periodic basis. Director Child nominated Director Togni to also serve on the parking subcommittee. Director Togni confirmed that he would like to participate in the parking subcommittee. Director Proteau made a **MOTION** to appoint Directors Wisniewski, Riley, and Togni to serve on the parking subcommittee. Director Perkins seconded the motion and all were in favor.
- 11.) **Presentation from Lot 109R Project Team** – The board contacted Molly Wolahan by phone and requested her presentation. Ms. Wolahan thanked the board for taking the time to hear about the Lot 109R project. She wanted to make sure that the board is aware of the project. She explained that they foresee the Lot 109R project to be a huge economic generator for the Mountain Village Core. The project will contain 189 hotel rooms and will be located behind the Westermere and Shirana buildings, where the parking lot currently is. The development team is proposing hotel type rooms. The zoning is set for efficiency lodge units. The goal of the project is to function as a hotel. The developer is currently working with hotel company who is looking at putting their 4 star hotel in the space; they plan to manage and run the building as a hotel. They will have a small gift shop, a lobby, a restaurant and a bar, as well as a small swim pool. The project team is working with the Town of Mountain Village Design Review Board who has made their recommendation for approval to the Town of Mountain Village Town Council. Town Council will be meeting to review this project on Saturday, May 26th at 8:30 am. The project team is asking for variances in exchange for public benefit. They believe that the largest public benefit they will be providing is bringing a short term bed base to the Mountain Village Core. All of units will be available on day one for rental and all units will be sold to private buyers. Caroline and David Perrell of Juno Development are the developers. The hotel is seeking business from a different market than the other hotels in the area. They are targeting 35-50 year olds and consider their hotel a lifestyle product, geared towards people who are out and about and here for the activities that the region offers. The rooms

will be 400 sq ft and all of the rooms will be designed to be in lockbox configurations. Ms. Wolahan said that the DRB asked them to look at tallest points and specifically, the design of the western side of the building. Many Mountain Village businesses have spoken out in favor of the project, including Telluride Ski and Golf. Those who have spoken out against the project voice concerns about the massive scale of the proposed structure. The developers would like to expand the size of the building to the maximize height allowed in exchange for public benefit. They also want to build round about at the intersection of Country Club Drive and Mountain Village Boulevard at their own expense. They would also like to offer eleven units of deed restricted housing, six dorms and five apartments. They would also like to make pedestrian plaza improvements by building a new plaza between their building, the Westermere and the Shirana. Director Child asked if the expanded footprint includes the use of some open space. Ms. Wolahan replied that it does include 1/3 acre of open space in proposal. The lots are surrounded by Town of Mountain Village owned open space. In the original application, the Mountain Village Metro District asked for 26 parking spaces in exchange for allowing the developer to build on open space. Director Sweet asked Ms. Wolahan if the hotel will have a mandatory rental pool and if there is anything in place to insure that it will never become a 5 or 6 star lodging facility. He asked how do they can make sure it will stay 4 star hotel. As part of the Town's approval process, there will be a restriction in place on the property to guarantee that there will always be a hotel manager. There are complications in achieving highest number of units in rental pool; they cannot force the owners to put their unit in a rental pool. 126 of the hotel rooms will not have kitchen, all of the units will be furnished by developer, and they are priced at a lower rate that will attract purchasers who will want to take advantage of the rental income. There will not be a penthouse. Director Child asked how many parking spaces will be available to the town and asked if there will be a parking pool so that more parking spaces will be available if they are not otherwise in use. Ms. Wolahan replied that 42 spaces are reserved for the Town's use and that they will be implementing a parking management system to maximize parking use. Discussion followed regarding parking for staging purposes for the construction vehicles. The discussion then moved to the history and qualifications of the developers. David Perrell and Randy Edwards joined the meeting by phone. Their goal is to provide a less expensive lodging option to Mountain Village visitors. There will be a 20 year agreement with the hotel operator. Their management team will be here long term as well. Mr. Perrell explained that the hotel operates in a lot of environments and will look at their business as a year round business, irrespective of the time of year. They will look to take advantage of opportunity to work with the conference center to bring groups into Mountain Village that we cannot otherwise target. Discussion followed regarding the sale of the units, the future HOA and the rental pool details.

Joe Soloman, who is the lawyer in town representing four residential Westermere owners, the See Forever Village HOA, and one single family homeowner. Mr. Soloman has been to the DRB meetings. His clients object to the massive scale of the proposed hotel. The land use ordinance allows you to ask for a 25% expansion that is not guaranteed. This developer is seeking an expansion of 159%. The developer currently owns 1/3 acre and are looking to use an extra 0.27 acres of the Town's land. Mr. Soloman projects that the land is worth \$11 million. The Town needs vitality and people, but the developer is projecting a Peaks size building on that land. He said that they are taking public land going up and out. The developer is building a massive parking garage with 200 + spaces, 100 of which they will sell on the free market. Ken Alexander has been hired to show what can be rightly built versus what they are proposing to build. The DRB has also asked the developer to provide these examples.

Director Riley proposed that the board move into discussion. He began the discussion by saying that in this day and age condo/hotel structures are the only way rooms get built. The scale has to do with the needs of the developer and that of the economy. Director Riley does not feel that the comparison to the peaks is a fair comparison. The argument that the core should have a pedestrian scale to it does not make sense because the core is designed for high density and smart growth. Director Riley said that he is disturbed by the argument that the developer can make too much profit. He believes that there is also a lot

of risk in a project like this; he said the developer should be praised and applauded for taking that risk. He continued to say that we are in a crisis in Mountain Village with respect to vitality and that the community needs to do everything possible to support this project and encourage Town Council to accept this project. Director Riley urged the board to encourage and support this project. He asked the board to look at the value of the potential public/private partnership. The potential RETA, property and sales tax, air organization donations are a gift TMVOA should embrace actively. Director Child asked Director Togni for his input. Director Togni said that he agrees with most of Director Riley's comments. He added that there is no real way to protect those units. A hotel that will do all of the things that Director Riley is talking about would need to be set up as most normal hotels are. The benefits overall to the community have great potential. Director Togni said that he did not hear about a meeting room in the hotel, which may make it difficult to bring groups to Mountain Village for the purpose of holding meetings. Discussion followed regarding the necessity of a hotel meeting room versus using the conference center. Director Proteau asked what would prevent someone from purchasing three units and turning them into a condo. Ms. Wolahan replied that the zoning would not allow this to happen without having to go through a rezoning process. Director Riley asked to have a handle on whether the board is comfortable to authorize President Wisniewski to speak for the board in writing and in person as these public meetings advance. Director Sweet asked Stephanie Fanos for clarification regarding any advocacy role TMVOA can take on. He asked the board to be careful not to jeopardize TMVOA's role in the community. As long as the issue is not involved in a ballot, TMVOA can be active in the discussions. Director Child commented on the difference between speaking in support generally for a project and speaking in support specifically for a project. Director Sweet followed by asking the board to be aware that there are TMVOA owners who will be in support of the project as well as some who will oppose the project. Proteau: survey regarding economic vitality, seize the opportunity to support that idea. Discussion followed regarding the type of leadership TMVOA should have. The board discussed the need to communicate good information to the members and how to get feedback from owners regarding this project. President Wisniewski suggested hiring a consultant firm to analyze the project and report back to Town Council or the DRB what the attitude of the members is. He said that he feels comfortable speaking as the TMVOA president, but would prefer to represent owners. The next Town Council meeting is April 26th, Director Riley feels the board needs to take a stance and exercise their leadership in support of this project. Director Child made a **MOTION** that the board approve a position that is based upon the facts known that the project will be beneficial to the community and will provide economic stimulus that the community needs. Director Riley asked for friendly amendment to the motion to support the variances that are being asked for. Stephanie Fanos suggested that the board authorize President Wisniewski to draft a letter in general support. Director Proteau said that he is looking for a letter of support from President Wisniewski that he believes that the variances and the public benefits are in balance. Director Proteau made a **MOTION** to direct President Wisniewski to draft a letter in support of the Lot 109R Project. Director Child seconded the motion and all were in favor.

- 12.) **Executive Session** – Executive Session was called for the purpose of seeking legal advice pursuant to 33.3-38-308. Director Child made a **MOTION** to move into executive session, Director Proteau seconded the motion and all were in favor. Director Child made a **MOTION** to return to general session, Director Proteau seconded the motion and all were in favor. (President Wisniewski left the meeting at noon before the executive session ended.
- 13.) Director Riley made a **MOTION** to appoint Directors Child and Wisniewski to a committee that will consider issues related to lease issues between TMVOA and The Market. Director Proteau seconded the motion and all were in favor.

**TELLURIDE MOUNTAIN VILLAGE OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING**

MARCH 31, 2008

- 14.) **Motion to Adjourn** – Director Child made a **MOTION** to adjourn, which was seconded by Director Riley and all were in favor.