AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

AgendaTitle:
Local Marketing District Report and Recommendations; Managing Results, LLC

Action Requested: Discussion

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:
Attached is an email received from Ryan Johnson relative to the facilitation.

Fiscal Impact:

Submitted by: Katherine Haase **Submitter's Email Address:** khaase@gunnisoncounty.org

Finance Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date:

County Attorney Review: ○ Required ◉ Not Required

Comments:

Reviewed by: Discharge Date: Certificate of Insurance Required

Yes ○ No ○

County Manager Review:

Comments:

Reviewed by: GUNCOUNTY1\khaase Discharge Date: 10/9/2014

○ Consent Agenda ○ Regular Agenda ◉ Worksession Time Allotted: 60 minutes

Agenda Date: 10/14/2014 Follow Up Agenda Date:

Revised April 2013

Local Marketing District

Report and Recommendations

October 14, 2014

Provided by

Managing Results, LLC

Crested Butte South, CO

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Local Marketing District Report & Recommendations

The following report, including recommendations, is submitted by Managing Results, LLC, a consulting and software company located in Gunnison County, Colorado, at the request of the Gunnison River Valley Local Marketing District (LMD).

This report includes the charge given by the Local Marketing District, background information, description of the process used to develop the recommendations, organizational models as options and specific recommendations for a governance structure designed to achieve the best tourism results for the Valley.

Charge from the Local Marketing District (LMD)

Managing Results, LLC's (MR) methodology is called Managing for Results. MR has worked with over 70 government jurisdictions and over 1700 individual departments, offices or commissions; and annually MR's customers budget over $37B tying resources to measurable results. Customers range in size and location from Maricopa Co., AZ to the State of New York, from the District of Columbia to the City of Arvada, CO, the City of Austin to the City of Long Beach, from the State of Vermont's Public Housing Review to the Office of Hawaiian Affairs, from the City of Oklahoma City to the City of Seattle, from the US Marines to the US Forest Service.

The charge to Managing Results, LLC (MR) from the LMD is to develop a set of recommendations for a governance structure for the use of LMD funds to market the Valley and achieve the best results. Managing Results, LLC was asked to use a consultative process focused on organizations and individuals involved in marketing the Valley. Specifically the scope of work was as follows:

A. Clarifying roles and responsibilities between the Gunnison River Valley Local Marketing District and the Gunnison/Crested Butte Tourism Authority.

B. Clarifying roles and responsibilities between the Gunnison/Crested Butte Tourism Authority and the two Chambers of Commerce located in the City of Gunnison and Crested Butte/Mt Crested Butte.

C. Developing strategies/recommendations for improving cooperation and collaboration between the Local Marketing District, Tourist Authority and the two Chambers.

D. Identifying specific results and recommendations to improve accountability for utilization/appropriation of Local Marketing District funds. This may include the creation of a unified business plan between the Tourist Authority and the partner chambers.

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E. Structuring the use of LMD funds to achieve the best tourism results for the Gunnison Valley.

F. Developing ideas and strategies for how to achieve the best tourism results for the Gunnison Valley.

Much is at stake. Tourism makes up approximately 50% of the Valley's economy, Over 1900 jobs in the Valley are dependent on tourism. Tourists annually spend over $150M in the Valley. So what can we do to improve?

It is not that we are failing. We have a relatively small amount of resources - $1.2M+ - and we must maximize the impact of those limited resources. We are competing with some tourism areas that have larger marketing budgets and are better organized with more integrated efforts than ours in the Valley. The LMD's limited resources must be leveraged with other major marketing entities in the Valley and the special events created and supported by the communities. The input MR received through the interviews and facilitated sessions illustrate that there is much we can do to go from 'ok to great' in our tourism economy.

The 2011Radcliffe Report, commissioned by the Tourism Association (TA) Board, found – "The most fundamental challenge that will prospectively limit the County from maximizing the full potential of its visitor industry is fragmentation among industry and governmental leaders." MR's recommendations are very much focused on overcoming this challenge.

There is a small contingency among those we consulted who were involved in the establishment of the current arrangement and who are understandably committed to that arrangement.

However, there is a broad consensus among those we interviewed who believe strongly that there are aspects of the current model that restrain the Valley from realizing our full potential. There is significant interest among those interviewed to change the current arrangement to improve marketing results. Certainly there is unanimity among all of those we interviewed that the collaboration among the players in the tourism economy in the Valley is significantly lacking, as the Radcliffe Report pointed out.

It is most important to observe that marketing is not measured by increases and decreases in lodging and sales tax and visitors from one year to the next or even over time. The true measure of marketing performance is whether we are doing better than the tourism economy in Colorado when it is improving, as it is at the writing of this report, and when the economy is slumping - is the Valley doing better than our competitors in fighting a downward trend? The TA's marketing efforts are not currently being measured in this way. Presently the Valley is riding the economy, staying close but slightly behind the average of our competitors.

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So how are we doing? As reported by the Tourism Associated, we are doing better than in years past. However, a report from the Colorado Association of Ski Towns (CAST) dated August 13, 2014 shows that among 27 ski locations in Colorado, the 3-year average increase in sales tax revenues from 2011-2014 is 19.58%. Over the same period the Gunnison-Crested Butte Valley sales tax revenues increased 15.4%.

The most recent statistics show that the number of visitors and dollars spent in the Valley by visitors is higher than last year (2013) -- as is the entire tourism economy in Colorado. The same CAST report shows the average 1-year increase of sales tax revenues from 2013 to 2014 across the same 27 locations was 6.68% -- the Valley experienced a 6.4% increase.

So the question is - what governance structure will produce the best marketing decisions that produce the best tourism results for the Valley?

Background

The following information is derived from a Memorandum written April 21, 2014 by Gunnison County Attorney, David Baumgarten, outlining the organization, relationship and governance of the Gunnison River Valley Local Marketing District (LMD) and the Gunnison/Crested Butte Tourism Association (TA). The Memorandum is attached.

Historically, the Gunnison County Lodging Tax Panel and a 1.9% Lodging Tax were approved by voters in the general election on November 6, 1990. On November 5, 2002 Gunnison County voters approved the ballot measure to levy a 4% Lodging Tax and establish the Local Marketing District. The Local Marketing District was renewed and the Lodging Tax extended by the Gunnison voters on the ballot on November 3, 2009.

The Gunnison County Board of Commissioners constitutes an ex officio board of directors of the Local Marketing District (LMD) pursuant to C.R.S 29-25-108(1)(a). And pursuant to C.R.S. 29-25-111(1)(f), the LMD has the statutory authority of management, control, and supervision of all the business and affairs of the District and of the operation of District services.

The Tourism Association is a non-profit corporation of the State of Colorado and an independent, non-government entity separate from the LMD. The TA was not created by ballot measure or by any action approved by Gunnison County electors. The relationship between the LMD and the TA is a contractual relationship and as such the TA is an "independent contractor" to the LMD.

MR notes that the two Chambers of Commerce in the Valley are independent organizations and are not currently under contract with the LMD or the TA. Both Chambers receive some funding from the County.

Process

The process MR engaged to reach the recommendations requested by the LMD included one-on-one interviews, facilitated group meetings, and consultations with marketing professionals inside and outside the Valley.

The timeline of the process started in April with interviews, the first facilitated meeting on June 26, additional and some repeat interviews in July and August, and a second facilitated meeting on August 22. Additional interviews were conducted following the August 22 meeting.

The first set of interviews in May and June were structured around two key questions:

1. From your perspective, what are the most critical issues and trends related to tourism on the horizon—both for the county as a whole and for the Tourism Association—over the next 5 years?

2. 3-5 years from now, what results would you most like to be able to say have been accomplished?

Following the first set of interviews, MR convened the first facilitated work session which included the two Chamber and TA executive directors, members of their respective boards and the LMD Chair. Participants developed a list of the most important issues facing the tourism economy in the Valley, a draft set of Strategic Results for tourism and an initial set of Services that would be required to achieve those Strategic Results (attached). During this initial session, the stated intention was to develop these products without regard to the current structure or whether it would change.

The second round of one-on-one interviews in July and August focused on asking for ideas on the best strategies and structure for achieving the best results for the Valley's tourism economy. Many of those individuals interviewed in the first round were also interviewed in the second round with additional community members added in the second round.

In the second facilitated work session on August 22, the draft Strategic Results were reviewed and others were added. Three different models that emerged in the interviews for achieving the best tourism result were discussed – coordination, integration and consolidation models. The models are discussed below.

Following is the draft set of results developed by the participants in the June 26 meeting for the LMD to consider. These results will be further reviewed and refined by the LMD and integrated into Strategic Business Plans for the use of LMD funds.

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- Integrated Seamless Access
    - By 2017, tourism customers will experience an integrated, seamless online valley-wide point of *access available through* multiple technologies that facilitates rich exploration of tourist 'experiences' and provides easy, immediate, and barrier-free travel arrangements, bookings, updates, and related concierge-type services.

- Unified Message
    - By 2015, tourism customers will experience an integrated, valley-wide unified message through all media that communicates our distinguishing characteristics and *is* consistent with our "Brand".
- Experience-Focused Messaging
    - By 20XX, tourism messaging about the Valley will be driven by identified customer expectations and desired experiences
- Return Visitors
    - By ____, XX% visitors will be returning visitors (rate of return)
    - By ____, XX% surveyed return visitors describe positive experiences as part of their decision-making to return to Gunnison/Crested Butte
- Tourism Income
    - By 2019, $175 million in travel spending will be realized annually in Gunnison County, representing a XX% increase over 20XX

In the August 22 meeting, the participants suggested that results measuring how the Valley's tourism economy performance compares to other locations should be added.

The best measure of marketing impact is that we would out perform our competitor locations both when the economy is improving and when the economy is slowing:

- Competition
    - By 20XX, the Valley will exceed the state-wide Colorado average of tourist locations (or a select sub-group of competitor locations) for visitors and spending by 3% or more when the tourism economy is improving or slowing

Attached are the list of the people who were interviewed and the Agenda's for the two facilitated meetings.

Organizing for Success – Models for Achieving Results

Three different models emerged during the interviews and MR presented those for discussion at the second work session. They are:

- Coordination Model
- Consolidation Model
- Integration Model

Coordination Model

The Coordination Model is best described as a variety of players and stakeholders in the marketing effort, and some who are not involved, who are brought together on a representative style board and expected to make decisions and work together effectively. The Tourism Association (TA) Board is an example of the Coordination Model. The TA by-laws stipulate that marketing efforts will focus on promoting Chamber Members. Some Chamber Members see value in this and want the current arrangement to remain unchanged. A significant portion of businesses in the Valley are not Chamber Members and are not included in marketing funded by LMD Lodging Tax funds.

Representatives of different sectors of the economy and various organizations, plus an advisory group, currently make up the Tourism Association Board. As previously mentioned, the TA is a non-governmental, not-for-profit, independent contractor to the LMD. For the past 12 years, since 2002, the LMD has provided a sole source contract for all Lodging Tax funds to the TA Board. In turn, the TA Board has hired staff to carry out the majority of marketing functions, along with various sole source contracts to vendors of marketing services.

The Coordination Model is often focused on representatives of different types of businesses or organizations and, in order to work well, depends on the willingness of individuals representing those businesses and organizations to collaborate together. Participants are expected but not required to work well together.

The focus for participants is often on keeping the resources and core strategies of their organizations safe and intact. That is very different from a results orientation where participants bring their respective resources to bear on a set of commonly held results. Results oriented, accountable, performance-based contracts are not a part of this model.

The Coordination Model works well when the mission is generally for the mutual benefit of members. Examples include professional organizations, religious organizations and clubs. When specific expertise is needed to make decisions, such as marketing decisions, the Coordination Model creates representative boards that then depend on staff to develop strategies and deliver services. Often it is staff that

make leadership and broad direction decisions since the board members either lack specific expertise or become accustomed to deferring to staff.

In the current arrangement, coordination and collaboration between the TA and the Chamber-managed Visitors' Centers has not been functional for some years and collaborative planning and execution is rare. This is largely because there is not in play a systemic view of marketing in the Valley or of the local economy. Roles, responsibilities and accountability are unclear and diffused. Critical information related to the tourism economy is often not shared among the players. A systemic approach where marketing players and stakeholders are working together to achieve a common set of results and where relationships are built on mutual accountability for performance is simply not present.

When marketing resources are not systematically coordinated, the entire Valley underperforms our potential to achieve marketing results and grow our economy. One interviewee likened the current marketing efforts to a scull crew without a crew master, all rowing at different rhythms, out of sync with each other and lagging behind other crews who are rowing in sync and speeding ahead.

Consolidation Model

The Consolidation Model is one where autonomous organizations consent to becoming a part of a single new, larger organization. This model would see the two Chambers of Commerce and the TA, or other contractor organization, become one organization. In all of MR's consultations during this process, there is no real interest or suggestion from participants that this could or should happen in the Valley. This model is not considered realistic in the Valley. However, after a few years of successful integration of efforts and success, new options may emerge.

Integration Model - Recommended

The Integration Model brings autonomous organizations together into a shared mission through performance-based contracts or agreements. This model is built on a systems approach to marketing and is designed to create that system through performance-based contracts and agreements. In this report, 'contracts' include the exchange of money for services and 'agreements' are signed contracts but do not include the exchange of funding.

When asked "where does marketing begin and where does it end", the consensus of interviewees is that it begins when a potential visitor hears about the Valley and learns about the experiences they can have in the Valley through word of mouth or through out-of –Valley marketing efforts. Interviewees said further that marketing does not end when visitors arrive, step off the plane or park their vehicle. In-Valley marketing occurs through the Visitor's Centers where visitors get information about where to get those experiences, eat, shop and stay the night. This is normally the

purview, though not exclusively, of Chambers and marketing efforts of individual businesses.

Further, in-Valley marketing continues in the service experiences that visitors have with local businesses, and the experiences they have with people they meet along the way while they are here. Several interviewees clarified that marketing does not start and stop with winter or summer campaigns but should be a continuous process year-round.

The key to success is that out-of-Valley and in-Valley marketing efforts must be fully coordinated in an integrated marketing system. In the current arrangement, out-of-Valley and in-Valley marketing efforts are not coordinated and certainly not integrated. The out-of-Valley is very much an experiential call to action – to come to the Valley for those experiences--and in-Valley marketing connects visitors to those experiences. The expectations created through out-of-Valley marketing need to be fulfilled or exceeded by in-Valley experiences.

A marketing system for the Valley would include out-of-Valley marketing before visitors arrive and in-Valley marketing when visitors are here among us. The consensus among interviewees is that an integrated and coordinated system for marketing the Valley does not currently exist but must be created if we are to effectively compete in the future.

The key to building an Integration Model is governance. The governance structure must be intentionally designed to create a system of marketing efforts, resources and results. If not specifically designed to create an integrated system of efforts, the governance structure will create something altogether different. The governance body is responsible for establishing overall strategic direction and developing expected strategic results, and ensures that marketing services, whether delivered by staff or by contractors, are true to that direction. The tie that binds the system together is performance-based contracts in exchange for funding. Governance body decision-makers must have expertise in marketing and be capable of making performance-based decisions to create a system of successful marketing.

Performance-based contract(s) are awarded for delivery of specific services and the achievement of specific results as specified by the governance body. These contract(s) require collaboration among partners, including the sharing of information. Importantly, the Integration Model does not fund organizations per se with the hope that they will deliver the right services. Rather, the Integration Model funds specific marketing services tied to measurable results. This is the difference between 'hoping for results' and 'managing for results'. Further, a performance-based budget is developed that ties a level of service delivery to a level of performance results to a level of funding.

In the case of some marketing partners, performance agreements are developed without funding because the mission to market the Valley is shared without an

exchange of funding. Examples of performance-based contracts would be between a Marketing Board of Directors (MBoD), explained below, and the contractors receiving funds and providing services. Examples of performance agreements may be with WSCU, CBMR and GVH, though none of those organizations should be barred from receiving LMD funds and holding contracts. However, their marketing missions are very clear (students, visitors and patients respectively) and there is naturally a high degree of alignment between their desired results and the LMD/MBoD desired results, with or without funding.

A note about information sharing -- good decisions require timely, accurate and complete information. The Integration Model and related performance-based relationships literally run on good information. In the Governance Recommendations below are ways to ensure that information is shared among decision-making marketing partners.

In the Integration Model, the governance structure requires that the LMD, as the funding organization, and the MBoD, as the board with critical expertise, work together to establish high-level strategic results. For example, it is anticipated that while the LMD would set broad direction, the MBoD would have the expertise to develop metrics and determine high level strategies. Once those strategic results are approved by the LMD, the MBoD would award and execute performance-based contracts for specific services. Performance based contracts would include levels of services to be delivered and expected results and would include performance measures, including targets, tied to the funding. It should be obvious in the Strategic Business Plan and performance-based budgets submitted to the MBoD that there is a level of funding tied to a level of performance.

Emphasis in performance-based contracts is both on outputs (number of services) and results (impact on the customer). It is never enough to contract for effort or activities; it is essential to the success of the Integration Model to also contract for expected results or accomplishments. In other words, the MBoD will be very interested in the return on investment (ROI) for services purchased, and would expect to see ROI described in the proposals they receive. For instance, the LMD and MBoD want to achieve integration, or at least consistency and connectivity, of the various websites marketing the Valley. The MBoD might contract with a firm for those specific results, evaluate those results and the performance of the vendor, and then report that performance to the LMD in their quarterly meeting.

In the Integration Model, all contracts and agreements are integrated together to achieve results and all parts of the system work together. An example of a systemic and integrated approach -- an event mostly focused on one end of the Valley would be marketed through all out-of-Valley marketing efforts and all in-Valley marketing through contracted Visitors' Centers and performance partners. The customer would see this event highlighted in vacation planners on-line and in hard copy, on websites and all print media, on a consolidated events calendar, and in all social media. Potential visitors would hear about the event when calling in and visitors

would hear about the event through the Visitor's Centers when they stop in. Related 'apps' developed for the Valley would provide all pertinent information for how and where to participate in the event, as well as all other events in the Valley. The entire Valley marketing system would focus on the event, not just the event organizers and the Chamber where the event is happening.

The Valley is one economy and the marketing efforts must behave like a system focused on the entire Valley. Anything less sub-optimizes the use of all marketing funds for the businesses and 1900 individuals whose jobs depend on the 50% of our economy tied to tourism.

Governance Recommendations

MR's recommendations are solely focused on and driven by the question of "what governance structure will deliver the best results for visitors to the Valley and for our local economy?" The LMD asked MR to look less at detailed activities and more at governance as the greatest opportunity to make improvements. Governance, as referenced here, is the organizational structure used for making decisions regarding the use of LMD funds to market and achieve tourism results for the Valley. Having the right governance structure in place is the key to creating an integrated system for marketing the Valley.

The recommendations are written as what 'would' happen if these recommendations are followed.

Recommendations - Local Marketing District (LMD)

The Board of County Commissioners would continue as an ex officio board of directors for the Local Marketing District. The LMD would continue, as the 1990, 2002 and 2009 ballot measures require, to have the authority to provide management, control and supervision of the use of the Lodging Tax revenues. The Board of County Commissioners is elected to provide leadership, fiduciary responsibility and policy oversight to Gunnison County Government.

By Colorado Revised Statute the BoCC, acting as the LMD, has discretionary authority of approving what marketing programs would be funded using the Lodging Tax Revenues. However, the BoCC/LMD members are not elected because of their tourism marketing experience or expertise and further they have expressed their desire to not be involved in tactical marketing decisions. The LMD, in their 'management, control, and supervision' oversight role, would delegate specific marketing decisions to a Board of committed members of the community who are experts in marketing with emphasis on experience in marketing tourism economies. The LMD would, therefore, expect the Board, with its expertise, to regularly assess the Valley's position relative to its competitors in the tourism market, and to then develop draft strategic and operational results that are capable of advancing the

Valley's market position relative to its competitors. MR has interviewed several individuals with this senior level marketing experience who are also committed members of the community.

Recommendations - Marketing Board of Directors (MBoD)

Under this proposed governance structure, the LMD would not make specific marketing strategy decisions. The LMD would appoint a seven-member board of marketing experts known as the Marketing Board of Directors (MBoD). On behalf of the LMD, the MBoD would make decisions on how to use all of the Lodging Tax revenues to market the Valley. The MBoD would ensure that there is a unified, integrated and systematic approach to marketing the Valley and achieving tourism results.

The MBoD structure would ensure that a team of individuals with appropriate marketing expertise are making contract decisions, setting direction, establishing broad priorities, and making tactical and staffing decisions. Marketing expertise and decision-making abilities are the core characteristics of the MBoD members that will keep the focus on results and on building an integrated marketing system that will produce those results.

Anytime an organization believes that it is entitled to public funds, in this case, LMD Lodging Tax funds, after a time that leads to strong, even extraordinary, efforts to maintain and protect the organization itself and its sole source funding status. From a customer perspective, from a performance perspective, an entitlement mentality takes an organization off of its core purpose.

To ensure that an entitlement mentality does not develop within the MBoD, the MBoD would be required to submit an annual Strategic Business Plan and operate under a performance agreement with the LMD. The MBoD would be responsible and accountable to the LMD for results achieved, as mutually agreed upon with the LMD at the beginning of the performance period and as delineated in the Strategic Business Plan. Measurable performance regarding tourism results achieved by the MBoD would be evaluated annually by the LMD. It is important to note that evaluation of results in an ongoing discussion that occurs throughout the year; gaps that emerge are mutually discussed by the LMD and MBoD, and new strategies responding to business environment changes or other dynamics are also mutually agreed upon.

Key to its success, the recommendation is that the MBoD be structured and operated such that another self-perpetuating bureaucracy is not created. The MBoD is a decision making body. The MBoD would be an appointed by the LMD and would be responsible for overall strategic decision-making as well as ensuring those decisions are executed through operational performance contracts for services and staffing.

The MBoD would not be a County organization. The MBoD would have independent, non-profit legal status with contracting and hiring authority. The LMD may ask the County Attorney to develop recommendations for the legal status of the MBoD and develop the necessary documents. The MBoD would create additional efficiencies in the use of LMD funds because it is not focused on building and developing an organization, but rather, can remain focused on making marketing decisions and seeing that those decisions are executed.

The members of the MBoD, with the exception* noted below, should have real-world marketing experience and expertise, as well as senior business decision-making experience. These skill sets would ensure that the MBoD is both qualified and capable to make marketing decisions for the Valley.

Success depends on getting the right people in the room to make the right decisions for the right reasons.

Membership

The MBoD would be a creation of the LMD and the membership of the MBoD would be as follows:

- 2 Residents of the Valley who 1) have current or past extensive, senior marketing experience, 2) view the economy of the Valley as one interdependent and interconnected economic system, 3) have experience as a senior decision maker, and 4) are committed community members

- 2 Residents of the Valley who 1) have current or past business experience providing services to visitors in the Valley, 2) view the economy of the Valley as one interdependent and interconnected economic system, 3) have marketing knowledge, and 4) are committed community members

- 1 Resident of the Valley* who has extensive senior leadership, decision making and management experience in a field other than marketing

- Marketing Director of Crested Butte Mountain Resort

- Marketing Director of Western State Colorado University

One Economy

It cannot be emphasized enough that the Valley is one economy with remarkably unique venues and opportunities operating within that economy. What happens anywhere in the Valley has impacts elsewhere in the Valley in terms of jobs, business, branding impact and tourism revenues.

This is a significant issue as well as an opportunity for broad education across the Valley. MR observed that individuals whose understanding of the economy of the

Valley as one interdependent and interconnected economic system also view marketing the Valley is a system of interdependent and interconnected efforts. Salaries and profits derived from tourism are spent with local businesses on coffee, food, gas, services, construction supplies, etc., - the list goes on as tourism dollars cycle within the local economy. Focusing on ours vs. yours, north vs. south, insiders vs. outsiders, my organization vs. your organization perpetuates the economic struggles faces by the Valley's residents, especially those whom we expect to deliver unforgettable experiences and customer service to our tourism visitors.

We must see prosperity as a goal for everyone.

Integrated Marketing System

All contracting and strategic decisions the MBoD makes are expected to create, build and strengthen the integrated, systemic approach discussed above in Organizing for Success (page 7). The tie that makes the integrated marketing system work is performance-based contracts for services and operational results, and agreements with key, non-LMD funded, partners. The MBoD would make funding decisions that reinforce the integrated, systemic approach that turns marketing the Valley into one system instead of many organizations acting independently.

Strategic Business Plan

The MBoD would submit an annual Strategic Business Plan which would include, at a minimum, an assessment of the tourism market (Colorado and regionally), how the Valley is performing relative to the market, the strategies and services the MBoD intends to deploy in the coming year to achieve marketing results for the Valley, and how those results, strategies and services will be measured and evaluated. The LMD would approve the MBoD Strategic Business Plan and the proposed annual performance budget.

Performance metrics, both results and outputs, will include targets and will be tied to a level of funding. In this manner, specific funding levels are tied to specific expected results, so that funds are spent strategically. The MBoD is encouraged to include its marketing partners and community stakeholders in developing the assessment portion of the Strategic Business Plan. The MBoD will measure how the Valley is doing relative to competitor locations and the Colorado tourism economy as a whole.

The Strategic Business Plan should be realistic in measuring the impact/influence marketing has on the tourism economy; experts MR consulted estimate this to be a 5%-10% difference. It is well documented that it is possible to measure the impact marketing strategies have on the tourism economy in the Valley. The MBoD will measure the 'return on investment' (ROI) for its marketing campaigns. The Strategic Business Plan should lead with those types of measurement; simply reporting outputs and increases and decreases due to fluctuations in the economy are not sufficient or accurate measures of marketing success.

The Strategic Business Plan would also illuminate how the MBoD is building an integrated system to market the Valley. The Plan would clarify how partners are collaborating together to achieve results, where those collaborations need work, and proposed strategies to achieve more effective integration. The Strategic Business Plan would include coordination/integration with the overall economic strategy of the County, with special events, customer fulfillment. The Plan should illuminate how LMD funds will be leveraged to their maximum benefit and the ROI for proposed marketing strategies is recommended.

Decouple Chamber Membership

Throughout the interviews, the requirement that LMD funds be used to market only Chamber members is viewed as significantly limiting efforts to market the Valley as a whole. Ironically, this requirement has focused the TA on promoting Chamber membership.

The LMD/Lodging Tax funds are paid by visitors, are public funds and as such should be used to market the entire Valley. Chamber membership should be disconnected from LMD funding and membership on the MBoD. Rather than specific businesses being marketed because they are Chamber members, the LMD funds should be used to market Experiences available in the Valley, such as River or Winter/Snow Experiences.

Given the historical tie of LMD-funded marketing efforts to Chamber membership, it is understandable that many members believe the LMD funds should be used to market their specific business or their sector of the economy rather than the entire Valley as a whole. This logically leads to the fragmentation of marketing efforts.

Market the Valley's 'Experiences'

Focusing on the tourism customer, LMD funds would be used to market the year round 'EXPERIENCES' available in the Valley – experiences interesting to our tourism customers. This was a key aspect of the advice given to MR through the consultative process. There is very strong consensus to disconnect the use of Chamber membership from the use of LMD funds, and to market 'Experiences' the customer can have in the Valley.

Marketing the unique 'Experiences' available in the Valley, rather than Chamber members per se, reinforces a systemic focus rather than a business-specific focus. When we market the Winter/Snow Experiences available in the Valley it will naturally bring along those businesses involved in delivering the services and opportunities associated with that experience. The same would be true of the Mountain Biking experience, the River -Fishing/Rafting experience, the Hunting experience, the Ranching experience, the Wildflower experience, the Hiking experience, the Mountain Town Shopping experience, the Remote Location experience, etc., etc. The unique Experiences available in the Valley can easily be marketed within the umbrella of our unique Brand as well.

The Valley's Brand

In the first year, 2015, the MBoD would engage in a process to provide a clear, concise articulation of the Gunnison-Crested Butte Valley Brand. The Brand seems obvious from most individuals we interviewed; however, those marketing the Valley are not consistently articulating the Brand. There is not consensus on how best to articulate the Valley's Brand. Past branding studies, customer and community consultations, at the discretion of the MBoD, may be included in the process. Any additional branding studies should focus on what our customers believe they are buying.

The TA is currently considering funding a branding study and we recommend putting a hold on that study.

Following articulation of the Brand, the MBoD would work with the Chambers of Commerce, municipalities and marketing partners to help businesses and community organizations align their individual brands to the Brand for the Valley, In this manner, a clear and consistent 'Brand' message for the Valley can be used in all marketing efforts funded by the LMD and MBoD. Chambers will then be in an excellent position to help their members align customer service practices to the Valley's Brand. Non-LMD funded companies and organizations marketing the Valley will be invited to use the Brand in their marketing and customer service efforts as well.

Marketing and Economic/Prosperity Development Integration

Because the Valley is one economy, the LMD and MBoD are encouraged to integrate tourism marketing and other economic/prosperity development efforts. The two efforts should be parallel rails on the same set of tracks, coordinated and aligned to mutual goals. The MBoD and LMD are encouraged to build business development into marketing strategies and to build bridges with economic/prosperity development efforts.

For example, when individuals, families and business owners come to the Valley as tourists and then return to make the Valley their first or second home and relocate their business here, these two efforts – tourism and economic/prosperity development – are leveraged to enhance both. A question to ask and answer is – do our tourism marketing strategies encourage visitors to take up residence and to move their businesses here?

Examples of this dynamic abound – Kinko's was started by a tourist who came to Santa Barbara to surf. Some competitor destinations, like Steamboat, are specifically using their tourism marketing strategies to encourage 'location neutral businesses' to relocate there. We can do the same or better given the quality of life available in the Valley.

Accountability
The MBoD would be accountable and responsible to the LMD for the performance achieved using LMD funds. The MBoD would submit an annual Strategic Business Plan and proposed performance budget, which the LMD would review and approve. Further, on a quarterly basis, the MBoD would present quarterly performance reports, and would convene joint discussions and consultations as needed.

Performance-Based Contracts
MBoD's contracts for services would be performance-based and should be competitively bid no less frequently than every 3 years and more often whenever deemed appropriate. Sole source contracts should be the rare exception. This will ensure that the MBoD is tapping into the best service providers in the market and the most up-to-date methods for achieving marketing results. Service providers will be expected to achieve results. Without competitive bidding, the conversation becomes one about sustaining the organizations receiving the funds rather than achieving results for the local economy.

Authority
The MBoD would have contracting and hiring authority. The MBoD would account for all funds expended and the MBoD shall have no other purpose than to promote and market the Valley.

Performance Reports
The MBoD would provide quarterly results oriented performance reports delivered in a presentation to the LMD. The performance reports would include, at a minimum, progress on results year to date compared to annual targets approved in the annual Strategic Business Plan, strategies and contracts the MBoD is employing to achieve the results, and proposed course corrections when results are not being achieved.

The LMD may also ask the MBoD to provide an Annual Report to the community on the results achieved, with particular emphasis on how tourism results impact jobs and prosperity. This should be timed to begin when the MBoD has the resources to produce the report.

Information Sharing
The MBoD would develop a holistic, strategic approach to information gathering, management and sharing. The MBoD should convene and lead regularly scheduled, probably quarterly, marketing updates where the MBoD, Visitor's Centers and other performance partners would share their latest information about what is happening in the tourism economy in the Valley, the State and the Region. This is designed to inform everyone's decision making and to reinforce that we are operating in one economy, within an integrated market system, all under one Brand. The MBoD should, at its discretion, engage companies and associations with high-value market information to share information in support of marketing decision-making in the Valley. Opening up this opportunity, the Crested Butte Mountain Resort has offered

to share its information. For these and other shared-information efforts to be successful and sustained, high-impact organizations will need to see their input as valued and important to the Valley-wide marketing decision-making.

Secure Database

The MBoD would develop a process and a secure database, if appropriate, where research conducted and information gathered by services it funds, the Visitor's Centers and all private organizations willing to do so, may share that information for data-driven marketing decision making. The aforementioned quarterly meetings are another way of sharing this information.

Coordinated Websites, Apps

The MBoD would develop and execute a plan to coordinate the various web sites marketing the Valley in a way that creates a seamless experience for the tourist looking at the Valley. This may be one integrated web site, a combined portal or a consistent look and feel among the sites where the user can easily get to the experiences and services they want. At a minimum, the various websites must make it easy to find services found on each other's sites. To remain competitive, we must make it easy for our customer to find us and access the services they are interested in when they get here. The MBoD would determine the best way to accomplish the integration of web-based marketing efforts already underway in the Valley.

To be competitive, the Valley needs a tourist-focused 'app'. Crested Butte, Vail and Telluride have apps designed for visitors. Although we do not directly compete with Singapore, it is worth noting that their visitors receive a smart phone for the duration of their visit with the 'Singapore app's' preloaded.

The MBoD can explore coordination with other vendors like TripAdvisor to help potential visitors find us and come to the Valley. Coordination with other on-line vendors leverages LMD funds and reaches visitors 'shopping' via the web, particularly those who are 'mobile' shoppers.

Unified Events Calendar

A missing piece of important data is how many or what portion of visitors, or what characteristics of visitors, our events bring to the Valley. This is a measurement that should be made by the MBoD and used for future marketing strategies. Currently, some large and some smaller events in the Valley are not actively marketed with LMD funds. Interviewees suggested that events have a significant impact on the Valley's tourist economy.

All organizations in the Valley should be polled and their events included on a single, unified Annual Events Calendar. Efforts should be made over the next two years to sequence events to maximize participation by visitors and residents. Reno, NV, has done this with great success.

The MBoD would consider holding two meetings each year to coordinate winter and summer calendar events throughout the Valley and ensure the unified events calendar is complete. This should happen well in advance of the season so the information is available when potential visitors are shopping.

Unified Call-in Number for the Valley

The MBoD would develop and execute a plan to create a call-in number for tourist information for the Valley where they can get integrated information on the Valley. Currently, the caller has to choose between two parts of the Valley, reinforcing the notion of up-Valley vs down-Valley rather than the entire Valley with many unique Experience offerings. Some folks in the Valley think in terms of up-Valley and down-Valley but our visitors, who are our customers, do not.

Fulfillment

In the past, the Visitor's Centers received funding for fulfillment for sending out vacation planners. The charge for fulfillment included some off-set funding for other services provided through the Visitors' Centers such as greetings, information, referrals and in-person vacation plans. For cost savings reasons, the decision was made a few years ago that fulfillment would be handled through a third party vendor who uses bulk mail to send out vacation planners. The Visitor's Centers have never received LMD funding for the in-Valley services to provided to visitors through the Visitor's Centers.

If vacation planners are easily accessed and consistently downloadable from websites, fulfillment becomes a minor and secondary part of marketing. Competing destinations have long since given the majority of their marketing efforts over to electronic and mobile media, including vacation planners.

The MBoD should assess how quickly phone-in requesters receive Vacation Planners, and the percentage of requesters who download Planners or who 'view' Planners and proceed to book overnight stays, events and Experiences. Where possible, the MBoD should compare this data to our competitors.

MR recommends that the MBoD look at both the cost and the results being achieved by the current fulfillment arrangement. Results should be evaluated in terms of how long the potential customer waits to receive the vacation planner, which would have everything to do with whether the potential customer comes here or goes elsewhere. Disconnecting cost from desired results can be ultimately more costly.

Stipend

Expertise and the level of responsibilities expected for the MBoD suggests that members should receive a minor stipend for serving on the Board as well as reimbursement of expenses. By 'minor', we suggest something on the order of magnitude of $3,000 per year or $250 per meeting.

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Board Training
The LMD should support Board Member training for the MBoD. The training should focus on board decision making processes, data-driven decision making, performance measurement, communications, managing for results, performance-based contracting and budgeting, partnering for results and other topics the LMD and MBoD believe would be essential skills for success. These same topics must also be within the capability of any and all staff the MBoD may hire.

Staffing
The MBoD may decide to hire a director and/or staff, including considering current TA staff, or they may chose to subcontract for assistance in implementing their marketing strategies, or a combination. If staff are hired, then it is essential that the hires bring the systems perspective, results orientation, collaboration and partnership building skills, and up-to-date marketing skills that the MBoD requires to achieve their stated results. Knowledge of how to market and support events and group sales should be part of their capacity.

Transition
In the transition from the current arrangement to the MBoD, it will be important to manage continuity of marketing efforts currently underway. Some options the LMD may consider include the following: 1) the Tourism Association could respond and propose to provide these services for a period of time, 2) existing staff could be asked to continue to provide marketing services underway, or 3) retain a marketing consultant to oversee marketing operations, possibly using existing staff, for six months until the MBoD is established and ready to make decisions.

Recommendations – Visitors Centers

Marketing System – Visitor's Centers
There is strong consensus that in-Valley marketing that occurs through the Visitors' Centers is a critical component to marketing the Valley.

The current arrangement is that the Visitors Centers do not receive LMD funding. Funding decision are made by the TA Board under the sole source agreement with the LMD. In years past, the Visitor's Centers were provided funding from the TA for 'fulfillment' or sending out vacation planners. That funding ended some five years ago. Funding for the other in-Valley marketing services provided by Visitor's Centers has been funded by the Chambers and has not been supported by LMD Lodging Tax funds. In-Valley and out-of-Valley marketing services are not coordinated or integrated.

Funding for In-Valley Marketing Services

Contemplating how a marketing system for the Valley might be structured, MR considered the importance of Visitor's Centers as in-Valley marketing. All interviewees indicated that the Visitor's Centers play an important role in in-Valley marketing.

The largely non-functioning relationship between the TA and Chambers has, over the past several years, exemplified the leadership fragmentation pointed out in the Radcliffe Report and has led to significant disconnects in marketing the Valley. This is not as much an issue of personality as it is an issue of structure –- the current Coordination Model has not achieved the coordination or collaboration of marketing efforts, let alone created a system. Out-of-Valley and in-Valley marketing efforts are not tied together and do not act in any way as a system for marketing the Valley.

Going forward, to build a systemic approach to marketing the Valley, MR recommends that the LMD and MBoD specifically invite the Visitor's Centers to submit Strategic Business Plans to the MBoD for Visitor Center services. The MBoD may do this through an RFP for those services. This approach requires the Visitor's Centers to compete for funding and undoes the history of leaving the Visitor's Centers out of the marketing system. If the Visitor's Centers are successful in competing for the funds, this provides a transition for integrating Visitor's Centers into the Valley marketing system.

Strategic Business Plan

The Strategic Business Plan should outline the services they propose to provide and the Plan will detail how their performance will be evaluated. The Strategic Business Plan will include, at a minimum, the performance measures for both outputs and results to measure their customer service performance, describe how they will gather and share information with other members of the Valley's marketing system, strategies and requirements for collaboration with the MBoD and other organizations participating in the Valley's marketing system, how the Visitor's Centers will integrate with the MBoD website, strategies for marketing the Experiences identified by the MBoD, how the Visitor's Centers will integrate with the Unified Events Calendar, a plan for modernizing the Visitors' Centers (including the use of technology), accounting procedures for the distinct and separate use of LMD funds for the approved service, and a match to the LMD funds (see below). '

The types of services provided through the Visitors' Centers that could be included in the Strategic Business Plan include greetings; information responses; referrals; in-person-developed vacation plans and schedules; event calendars; free bus schedules; amenity descriptions, locations and photos; telephone inquiry responses; materials requests fulfillments; specific Experience descriptions, locations and photos; etc., etc.

Funding and Match

Funding levels for the Visitor's Centers should be based on the Strategic Business Plan each Visitor's Centers submits to the MBoD. MR recommends that if the Visitor's Centers are successful in receiving funding, they should be required to provide a match equal to 30% of the funds received from the MBoD. This should allow the Visitor's Centers to operate at a higher level of performance, modernize the customer experience with up-to-date technology and signage, and incentivize the Visitor's Centers and their municipal partners to continue to invest in the Visitor's Centers. Volunteers from the community should be emphasized in the workforce at the Visitors' Centers. Funding for services delivered through the Visitors Centers could free up other Chamber resources for business support services.

Chamber Members

Interviewees expressed understanding that the LMD Lodging Tax funds are public monies, collected from visitors to the Valley, to be used by the LMD to market the Valley –- the entire Valley –- not Chamber members only. Thus, the Visitor's Centers, should they choose to propose and contract with the MBoD to deliver LMD-funded marketing services, may initially face some challenges integrating services to be Valley-wide rather than member-specific services only. However, MR would suggest that ultimately all members would benefit from prosperity throughout the Valley.

Additional Items

Legal Documents

The BoCC/LMD should request that the County Attorney determine what legal documents may be necessary to implement their decisions and develop those forthwith.

Attachments in Order

#1 Gunnison County Attorney Memorandum dated April 21, 2014
#2 Product from the First Facilitated Meeting – Issues, Draft Strategic Results, Services
#3 List of Interviewees
#4 Agenda's of Facilitated Meetings

Attachment #1
Gunnison County Attorney Memorandum dated April 21, 2014
Note: In copying the document into the Report some of the original formatting was lost.

TO: Paula Swenson Phil Chamberland

Jonathan Houck Matthew Birnie Russ Forrest

FROM: David Baumgarten Rachel Magruder

MEMORANDUM

RE: Organization, Relationship and Governance of the Gunnison River Valley Local Marketing District and the Gunnison/Crested Butte Tourism Association

DATE: April 21, 2014

The intent of this memo is to identify the purpose, statutory authority, organizational structure, governance and relationship of the Gunnison River Valley Local Marketing District ("Local Marketing District") and the Gunnison Tourism Gunnison/Crested Butte Tourism Association ("Tourism Association"). This memo also provides informational history of the entity preceding the two, the Gunnison County Lodging Tax Panel, along with relative aspects of Memorandums of Agreement between the Gunnison River Valley Local Marketing District and the Marble Tourism Association and with the Marble Crystal River Chamber of Commerce.

An associated issue addressed by this memo is whether either organization is subject to the "Colorado Open Meetings Law".

A. Executive Summary.

In this memo you will find that pursuant to C.R.S. 29-25-108(1)(a) the Board of County Commissioners constitutes an ex officio board of directors for the Local Marketing District and pursuant C.R.S. § 29-25-111(1)(f) has the statutory authority of management, control, and supervision of all the business and affairs of the district and of the operation of district services therein.

Also, as reiterated in the Memorandums of Agreement referenced herein, the Board of County Commissioners is the administrator of funds collected from the

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Local Marketing District tax revenues and has discretionary authority of approving what marketing programs will be funded.

The Tourism Association is a non-profit corporation of the State of Colorado and an independent, non-governmental entity separate from the Local Marketing District.

The relationship between the Local Marketing District and the Tourism Association is a contractual relationship. Specifically, the Tourism Association is an “independent contractor” of the Local Marketing District.

B. Gunnison County Lodging Tax Panel. 1. Purpose.

The purpose for establishing the Gunnison County Lodging Tax Panel (“Panel”) was to provide an opportunity for the Board of County Commissioners to levy a county lodging tax, available by statute, of no more than two percent on the purchase price paid or charged to persons for rooms or accommodations for advertising and marketing local tourism. C.R.S. § 30-11-107.5(1).

2. Establishment.

Pursuant to C.R.S. § 30-11-107.5(3)(a) the Board of County Commissioners adopted Resolution No: 1990-19 which proposed that a ballot issue be submitted to the electors of Gunnison County, Colorado for approval of a county wide lodging tax. The ballot issue was approved at the November 6, 1990 general election and the Panel was thereafter established.

Resolution No: 01-19 changed the name of the panel from “Gunnison Lodging Tax Panel” to the “Gunnison County Tourism Panel”.

3. Organizational Structure and Governance.

The Panel’s responsibility was to carry out the administration of the lodging tax revenues for advertising and marketing tourism. C.R.S. § 30- 11-107.5 (1).

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The number of members of the panel could be no less than 3 members pursuant to C.R.S. §30-11-107.5(4)(a) The members were appointed by the tourism industry within the municipalities and/or unincorporated areas from which the lodging tax was collected and selected by the Board of County Commissioners. Vacancies occurring during a member's term could be appointed by the panel. Bylaws, Article 5.

The Board of County Commissioners identified the composition and criteria for selection of panel members in Resolution No: 1990-19 at paragraphs 3 (A)(1) through (6) which divided members into two sub- committees, the Crested Butte Sub-committee and the Gunnison Sub- committee, each consisting of 4 members per sub-committee. The Board of County Commissioners had the authority and opportunity for amending the composition and criteria for selection of members of the local marketing district panel.

The Panel's respective responsibilities were identified in Resolution No: 1990-19 at paragraphs 3.A (7) through (9) which state:

"(7) The revenues generated by the lodging tax shall be used only to advertise and market tourism in Gunnison County, Colorado. No revenue collected from such lodging tax shall be used for any capital expenditures, with the exception of tourist information centers.

(8) To the extent feasible the Panel shall advertise and market tourism for the benefit of those unincorporated areas and municipalities from which the lodging tax revenues originated.

(9) The Crested Butte Sub-committee shall administer the lodging tax revenues originating in the Towns of Crested Butte, Mt. Crested Butte and Marble and the Gunnison Sub-committee shall administer the lodging tax revenues originating in the City of Gunnison, the Town of Pitkin and all unincorporated areas of Gunnison County. For the purpose of the lodging tax, all sales are deemed to originate at the place where the actual rooms or accommodations are located.

(10) Not-withstanding subparagraphs (A)(8) and (A)(9) above, the Panel shall have the right to allocate all or part of the lodging tax revenues for advertising and marketing or tourism within Gunnison County as a whole on condition that such county-wide advertising

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and marketing is approve by a majority of the Panel and majorities of both sub-committees."

All revenue collected from the lodging tax, with exceptions as identified in C.R.S. § 30-11-107.5(2) were credited to a special fund designated as the county lodging tax tourism fund. The fund shall used only to advertise and market tourism in accordance with C.R.S. § 30-11-107.5(4) (b) and (c) and to reimburse the general fund of the county for the cost of the election in accordance with C.R.S. §30-11-107.5(3)(d). No revenue collected from such county lodging tax shall be used for any capital expenditures, with the exception of tourist information centers.

The Board of County Commissioner's Resolution No: 02-32 amended the requirements for composition of the Gunnison Sub-committee as identified in Resolution 1990-19, paragraph 3.A (5).

The Board of County Commissioners ceased to utilize the Gunnison County Tourism Panel and entered into a contractual relationship with the Gunnison/Crested Butte Tourism Association.

Please note that on September 24, 2003, the Panel submitted its "Final Report".

C. Gunnison River Valley Local Marketing District. 1. Purpose.

The public purpose of local marketing districts is "to promote the health, safety, prosperity, security and general welfare of the inhabitants thereof, the property owners therein, and all the people of the state; will promote the continued vitality of commercial business area within local governments; and to be of special benefit to the property within the boundaries of any district....and is essential to continued economic growth of the state." C.R.S. § 29-25-102.

The services granted within a local marketing district are:

a. Organization, promotion, marketing, and management of public events;

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b. Activities in support of business recruitment, management, and development;

c. Coordinating tourism promotion activities. C.R.S. § 29-25- 111.

2. Establishment.

As a means of coordinating marketing efforts in the Gunnison Valley, on September 5, 2002 through Resolution No: 2002-47, the Board of County Commissioners approved the proposal for establishing the Local Marketing District and identified the ballot issue language for the November 5, 2002 general election which included:

a. Should the ballot issue be approved, to repeal the existing lodging tax of 1.9% effective July 1, 2003; and

b. Local Marketing District taxes, not to exceed 4%, would be levied from July 1, 2003 through January 1, 2011.

On September 17, 2002, through Resolution No: 02-51, the Board of County Commissioners expressed further support of the Local Marketing District.

The ballot issue was approved by electors on November 5, 2002 and the Local Marketing District was established pursuant to the Local Marketing District Act, § 29-25-101, et. seq.

On February 18, 2003, through Resolution No: 2003-16, a 4% lodging tax was established to begin July 1, 2003 and an interfund program loan for interim funding of the Local Marketing District was approved so that work programs could be initiated prior to beginning the July 1, 2003 tax collection.

On October 7, 2003, through Resolution No: 2003-49, the discontinuance of the 1.9 % lodging tax on June 30, 2003 was reaffirmed.

On December 22, 2003, through Resolution No: 2003-71, the Board approved further funding of another interfund program loan for Local Marketing District.

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On July 21, 2009, the Gunnison River Valley Local Marketing District, through Resolution No.1, presented and authorized the ballot issue for the November 3, 2009 general election for extension of the District's marketing and promotion tax beyond its current expiration date of the January 1, 2011.

In Resolution No: 09-42, the Board of County Commissioners expressed support for renewal of the existing Local Marketing District marketing and promotion tax to appear on the November 3, 2009 ballot. The electors approved the extension.

3. Organizational Structure and Governance.

The Board of County Commissioners is the governing board of the Local Marketing District pursuant to C.R.S. § 29-25-108(1)(a) which states:

"... if the governing body of a single local government creates the district, such governing body shall constitute ex officio the board of directors of the district."

Though the Board of County Commissioners has the opportunity of appointing a separate board of directors for the Local Marketing District, the Board of County Commissioners, through Resolution No: 2002-47, which proposed the creation of the Local Marketing District along with the language for the ballot issue, clearly stated that "The Board of County Commissioners shall be the ex officio governing body of the District."

4. Powers of the Local Marketing District.

The powers of the Local Marketing District are identified in C.R.S. § 29-25- 111(1) (f) through (h) which include:

"(f) To have the management, control, and supervision of all the business and affairs of the district and of the operation of district services therein;

(g) To appoint an advisory board of owners of property within the boundaries of the district and provide for the duties and functions thereof;

(h) To hire employees or retain agents, engineers, consultants, attorneys, and accountants;"

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In addition to any other means of providing revenue for a district, the board has the power within the district to levy a marketing and promotion tax on the purchase price paid or charged to persons for rooms or accommodations....” C.R.S. § 29-25-112.

D. Gunnison/Crested Butte Tourism Association. In January 2002, the Board of County Commissioners and local municipalities began working with the private sector to assess the effectiveness of current making efforts and to address changes in the current approval to enhance the effectiveness. As a result of this effort, on September 9, 2002 the Tourism Association was formed. The Tourism Association is a separate, independent, non-governmental entity in itself and registered with the Secretary of State as a non-profit corporation of the State of Colorado. Its mission as stated in the Bylaws is to market our valley-wide community as a year-round destination and to promote a quality visitor experience. Funding acquired for the marketing is also identified in the Bylaws of the Tourism Association under Article IV, Section 3, which states that the Tourism Association will be funded based upon the annually approved budget by the Local Marketing District Board of Directors.

E. Marble Tourism Association. Members of the Marble Tourism Association consist of all the lodging establishments located within the Upper Crystal River Valley portion of Gunnison County. The Marble Tourism Association was formed on November 21, 2003 and is a separate, independent, non-governmental entity in itself and registered with the Secretary of State as a non-profit corporation of the State of Colorado.

F. Organizational Contractual Relationships.

1. Gunnison River Valley Local Marketing District Intergovernmental Agreement (Term October 22, 2002 through October 22, 2003).

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Prior to electorate approval, and in anticipation of the establishment of the Local Marketing District, on October 22, 2002, Gunnison County, the City of Gunnison, the Town of Mt. Crested Butte and the Town of Crested Butte, entered into the Gunnison River Valley Local Marketing District Intergovernmental Agreement ("IGA").

The purpose of which was to establish a cooperative approach to the administration of funds generated by the Local Marketing District with the intent to market the valley-wide community as a year-round destination and to promote a quality visitor experience. This IGA contemplates approval of the establishment of the Local Marketing District, a 4% tax levy along with the approval of an Admissions Tax by the Mt. Crested Butte electorate.

The IGA allocates to the Board of County Commissioners, the discretion of administration of the 4% tax revenue of the Local Marketing District in paragraph 2(b):

"The Board of County Commissioners of Gunnison County, Colorado will allocate the proceeds of the 4% lodging tax revenue to fund the marketing program or programs presented by the Gunnison/Crested Butte Tourism Association as approved by the Board of County Commissioners."

The IGA also allocates to the Town Council of Mt. Crested Butte, the discretion of administration of up to 75% proceeds from the Mt. Crested Butte Admission's Tax in paragraph 2(d):

"The Town of Mt. Crested Butte will allocate up to 75% of the proceeds from the admission's tax to fund the marketing program or programs presented by the Gunnison /Crested Butte Tourism Association as approved by the Town Council of Mt. Crested Butte."

Further administration of the Local Marketing District is identified in paragraph 3 of the IGA:

"The Gunnison River Valley Local Marketing District shall be administered by the Board of County Commissioners and appropriate representation from financially contributing signatories

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through a contract with the Gunnison/Crested Butte Tourism Association."

2. Memorandums of Agreement between Board of the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Mt. Crested Butte Town Council and Gunnison/Crested Butte Tourism Association. (Annual Agreements 2004-2009)

These Memorandums of Agreement identify, among other things, the amount of support funds to be allocated from the Local Marketing District to the Tourism Association along with the amount of support funds to be allocated from Mt. Crested Butte to the Tourism Association, approval of expenditures and future work programs.

The Memorandums from 2004 through 2008 specifically state the relationship between the Local Marketing District, the Town of Mt. Crested Butte and the Tourism Association as donor and donee.

"The relationship between the Board of the Gunnison River Valley Local Marketing District, the Town of Mr. Crested Butte and Gunnison/Crested Butte Tourism Association is that of donor and donee. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District or the Town of Mt. Crested Butte and neither the Board of the Gunnison River Valley Local Marketing District nor the Town of Mt. Crested Butte are not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

The 2009 Memorandum specifically states that the Tourism Association is an "independent contractor" of the Local Marketing District and the Town of Mt. Crested Butte.

"The relationship of the Gunnison/Crested Butte Tourism Association to the Board of the Gunnison River Valley Local Marketing District and the Town Council of Mt. Crested Butte is that of an independent contractor, performing marketing functions pursuant to this Agreement. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District or the Town Council of Mt. Crested Butte, and neither the Board of the Gunnison River Valley Local

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Marketing District nor the Town Council of Mt. Crested Butte is not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

All of these Memorandums state substantially, although not exactly, the same language for the administrative of funds among the parties.

"The Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District lodging tax and Town Council of Mt. Crested Butte is responsible for the administration of the funds collected through the admissions tax within the Mt. Crested Butte corporate limits."

3. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and the Gunnison/Crested Butte Tourism Association. (Annual Agreements 2010-2013; Annual 2014 ongoing)

These Memorandums identify, among other things, the amount of support funds to be allocated from the Local Marketing District to the Tourism Association, approval of expenditures and future work programs and also specifically state that the Tourism Association is an "independent contractor" of the Local Marketing District.

"The relationship of the Gunnison/Crested Butte Tourism Association to the Board of the Gunnison River Valley Local Marketing is that of an independent contractor, performing marketing functions pursuant to this Agreement. Gunnison/Crested Butte Tourism Association is not an agent of the Board of the Gunnison River Valley Local Marketing District, and the Board of the Gunnison River Valley Local Marketing District is not responsible for the acts or omissions of Gunnison/Crested Butte Tourism Association its officers, employees or agents."

All of these Memorandums state substantially, although not exactly, the same language for the administrative of funds among the parties.

"The Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District lodging tax and Town Council of Mt.

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Crested butte is responsible for the administration of the funds collected through the admissions tax within the Mt. Crested Butte corporate limits." (Remember: The Board of County Commissioners is the governing board of the Local Marketing District.)

4. Memorandums of Agreement between Board of County Commissioners of Gunnison County, Colorado and Gunnison/Crested Butte Tourism Association. (Annual Agreements 2003, 2004, 2009, 2013; Annual 2014 ongoing; 2010 Agreement expires December 31, 2015)

These Memorandums of Agreement between Board of County Commissioners of Gunnison County, Colorado and Gunnison/Crested Butte Tourism Association were entered into in response to the Tourism Association's request to the Board of County Commissioners for assistance with personnel administration of the Tourism Association.

Though the Board of County Commissioners agreed to provide administration of payroll functions for the Tourism Association, to ensure understanding and clarification that the Tourism Association was and is still a separate independent entity, there is "hold harmless" language identified in the first two MOAs and in the later MOAs there "independent contractor language.

"In carrying out its obligations and activities under this Agreement, Tourism Board is acting as an independent contractor and not as an agent, partner, joint venture or employee of Gunnison County. The Tourism Board does not have any authority to bind Gunnison County in any manner whatsoever."

5. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Marble Tourism Association. (Annual Agreements 2004 – 2005)

In these Memorandums of Agreement between the Local Marketing District and the Marble Tourism Association it was agreed that all lodging tax revenues from Marble lodging establishments received by Gunnison County would be reallocated to the Marble Tourism Association for marketing efforts within the Marble community.

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All of the Memorandums of Agreement note that the Board of the Local Marketing District is responsible for the administration of the funds collected from the Local Marketing District Lodging Tax and also note that the relationship between the Local Marketing District and the Marble Tourism Association as a donor and done relationship.

6. Memorandums of Agreement between the Gunnison River Valley Local Marketing District of Gunnison County, Colorado and Marble Crystal River Chamber of Commerce. (Annual Agreements 2011 – 2013; Annual 2014 ongoing)

In the Memorandums of Agreement between the Local Marketing District and the Marble Crystal River Chamber of Commerce it was again agreed that all lodging tax revenues from Marble lodging establishments received by Gunnison County would be reallocated to the Marble Crystal River Chamber of Commerce for marketing efforts within the Marble community. The 2014 Memorandum is duplicative of the other agreements with the exception that it identifies a specific amount to be reallocated to the Marble Crystal River Chamber of Commerce.

All of the Memorandums of Agreement note that the Board of the Gunnison River Valley Local Marketing District is responsible for the administration of the funds collected from the Local marketing District Lodging Tax and also note that the relationship between the Local Marketing District and the Marble Crystal River Chamber of Commerce as a donor and done relationship.

(In our records we do not have any Memorandums of Agreement between the Local Marketing District and the Marble Tourism Association or the Marble Crystal River Chamber of Commerce for the years 2006 through 2010.)

F. Entity Compliance with Colorado Sunshine Law; Open Meetings Law; C.R.S. §24-6-401 et. seq.

1. Is the Gunnison River Valley Local Marketing District subject to the Open Meetings Law?

Yes. Pursuant to the Open Meetings Law. C.R.S. §24-6-402(1)(a), the Local Marketing District is a formally constituted body of a political subdivision of the state. Furthermore, C.R.S. §29-25-108(4) specifically

OFFICE OF THE GUNNISON COUNTY ATTORNEY David Baumgarten, County Attorney

Rachel Magruder, Paralegal

states that "The meetings of the board shall be subject to the provisions of part 4 of article of title 24, C.R.S."

2. Is the Gunnison/Crested Butte Tourism Association subject to the Open Meetings Law?

No. The Colorado Open Meetings Law at C.R.S. §24-6-402(1)(a) defines "local public bodies" to which the requirements of the Open Meetings Law apply to be:

"...any board, committee, commission, authority, or other advisory, policy-making, rule-making, or formally constituted body of any political subdivision of the state and any public or private entity to which a political subdivision, or an official thereof, has delegated a governmental decision-making function but does not include persons on the administrative staff of the local public body." (*Emphasis added.*)

While it could be argued that the Board of County Commissioners has indeed delegated a "governmental decision making function", if the Board of County Commissioners were to desire, to make it clear in the future, that the Open Meetings Law requirements apply, this could be accomplished by:

1. An amendment to the Memorandums of Agreement clearly stating the applicability of the Open Meetings Law; or

2. A unilateral declaration of that applicability by the Board of County Commissioners as a condition of further funding.

Please know that the statutes, resolutions, IGA and memorandums of agreement identified herein are available and will be provided upon request.

#2 Product from the First Facilitated Meeting – Issues, Draft Strategic Results, Services

Managing Results	*Managing Results, LLC* *managing-results.com* **GUNNISON/CRESTED BUTTE LOCAL MARKETING DISTRICT FACILITATION SESSION NOTES**

Assessment of the Future

Identifies major current and future trends that will significantly affect tourism in Gunnison Valley over the next 1-5 years.

- Small but steady growth in tourism expected to continue;
- Fixed customer base
- Mountain destinations are in a highly competitive environment
- Overcrowding continuing to be experienced at other mountain resorts
- Current marketing environment very different than in past, continuing to evolve rapidly
    - More customer driven
    - More individualized approaches
    - Very significant impact of technology
    - Content management more important
    - Deals, especially package deals, expected by customers
- Broader customer base anticipated for entire county
- Mountain resorts developing "all-season" experiences and products
- Customers want high quality experiences – high value vs. focus on discounts
- More tourism development
- Customer spending is on rise
- More marketing options than in recent past
- Customers easily experience confusion
    - Difficulty finding
    - Difficulty choosing

    - Difficulty navigating
- Misinformation experienced by customers once here
- Lack of understanding – RE: our community, assets, etc
- Concept of "One Economy" – not a broad understanding across valley of how growth in one area of valley and/or business sector positively affects others
- "Laid-back" atmosphere is valued, and can be considered a market distinguisher but also leads to inconsistent customer service, acceptance of service delivery mediocrity
- Opportunities for Customer Service to be highlighted as a market distinguisher
    - "When you come here, you're family!"
- Growth and impact of new technologies cannot be overstated
    - Use of multiple devices by customers rising
    - Rapidly increasing use by customers of exclusive use of mobile devices and tablets
    - More destinations offer mobile apps; use of mobile apps dramatically increasing across all industries, including travel and tourism, increasing customer expectations that mobile apps should be available to them
    - Rise of tourism decisions based on TripAdvisor 'membership' marketing and ratings, other web-based ratings, social media, etc
- Special Events – presents huge opportunities for branding, marketing (as opposed to listing events or providing calendars)
- More sophisticated measures being developed and used by tourism businesses
- Ease of transportation is critical to travelers
- Valley's Bus system is an asset
- Ease of air transportation to and from Gunnison/Crested Butte considered a critical success factor; additional routes to and from Houston and Chicago have been successful
- Airline "load rates" are increasing
- Destinations are utilizing more public/private partnerships
- Destinations creating "One-Stop-Shop" options
- Customers no longer responding well to diffused, scattershot messages
- Customers require a seamless experience when booking rooms and experiences

- Customers want individualized options that recognize their desires
- Customers have little or no tolerance for barriers or delays when making travel arrangements
- Destinations are promoting "experiences"--people want a variety of memorable experiences that can appeal to different members of their family
- Valley-wide workforce shortages continue to present problems for tourism-related businesses
- Lack of affordable housing continues to exacerbate workforce difficulties faced by tourism businesses

Branding Language Options

- Most Friendly
- Remote
- Fun and Funky
- Real Colorado
- Real Deal
- Endless Opportunities
- Popping Up With Greatest Ease *Not sure what this is*
- Experience the Emotional Connections That Are Possible (*Is this a tactic or language?)*

Strategic Results

- Integrated Seamless Access
    - By 2017, tourism customers will experience an integrated, seamless online valley-wide point of access *available* through multiple technologies *that facilitates rich exploration of tourist 'experiences' and provides easy, immediate, and barrier-free travel arrangements, bookings, updates, and related concierge-type services*
- Unified Message
    - By 2015, tourism customers will experience an integrated, valley-wide unified message that communicates our distinguishing characteristics and *is consistent with our "brand",*

- *Additional option: By 20XX, XX% of individual experience messages, ads, banners, etc. will be consistent with and/or aligned with our unified message*

- Experience-Focused Messaging
  - By _____, tourism messaging will be driven by customer expectations and desired experiences

    Alternate: By _____, XX% of website designs and updates, "package" offerings, ads, banners, social media postings, and other messaging products will be driven by identified customer expectations and desired experiences

- Return Visitors (*Changed original measure to 2 measures)*
  - By ____, XX% visitors will be returning visitors (rate of return)
  - By ____, XX% surveyed return visitors describe positive experiences as part of their decision-making to return to Gunnison/Crested Butte
  - *Additional option: By ____, XX % negative customer feedback items that are resolved to the customer's "delight" and/or acted upon in the form of new product offerings and messaging about those new offerings*

- Tourism Income
  - By 2019, $175 million in travel spending will be realized annually in Gunnison County, *representing a XX% increase over 20XX*
  - *Additional option: By ____, XX% of targeted businesses can describe measurable benefits gained, directly or indirectly, from increased travel spending in the valley*

Services and Products

- Integrated and Seamless Access
  - Airline Schedules
  - Amenity Descriptions *and Photos*
  - Broadband Internet Connections
  - *Customer Ratings and Accolades*
  - Event Calendars
  - *"Experiences" Photos*
  - Free Bus Service Schedules
  - Interactive Website *Design?*

- Multiple Device Designs and Access
- Multiple Platform Designs and Access
- *Ongoing Interactive Website Updates*
- Search *Optimization Tools and Reports*
- Single Tourism Information Portal

➢ <u>Unified Message</u>

- Local Messaging Campaign
- Market Research Reports
- Message Aligned Customer Experiences *Not sure what this means*
- Travel Messaging Campaign
- Unified *Valley-Wide* Message
- *Individual Area/Sector Aligned Messages*
- Unified Messaging Business Consultations
- Unified Messaging *Business Assistance Seminars*

➢ <u>"Experience"-Focused Messaging</u>

- Consumer Research Reports
- Customer "Experience"-Focused Marketing Campaigns
- Customer Feedback Tools and Reports
- Customer Generated Content Postings
- Social Media Interactions
- Social Media Postings and Updates

➢ <u>Return Visitors</u>

- Customer Conflict Resolutions (*How about "Problem-Solving Sessions" instead?)*
- Customer Service *Business Seminars*
- Customer Service *Feedback Tools and* Reports
- Local Customer Service Campaigns
- Workforce Development Initiatives

➢ <u>Tourism Income</u>

- Shared Data Intelligence Reports
- New Product Offerings

- New Event Offerings
- New Service Offerings

#3 List of Interviewees

Aaron J. Huckstep – Mayor Crested Butte
Andy Eflin – Board President of CB/Mt. CB Chamber
Bill Nesbitt – Board Member of Gunnison Chamber; Ex Officio of Gunnison Chamber
Bob Drexel – Mayor of Gunnison
Brian Barker – Advisory Board Member of TA; WSCU; Gunnison Chamber
Carl Ribaudo – Strategic Marketing Group, South Lake Tahoa, CA
Carolyn Riggs – Advisory Board of TA
Chris Cares – Managing Director, RRC Associates, Boulder, Cox
Dan Marshall – Former Executive Director CB/Mt. CB Chamber
David Clayton – Mayor of Mt Crested Butte; Ex-Oficio of CB/Mt. CB Chamber
David Ochs – Executive Director of CB/Mt. CB Chamber; Advisory Board of TA
Erica Mueller – CBMR
Ethan Mueller – CBMR
Frank Johnson – General Manager, Vail Mountain Lodge, Vail, CO
Ian Billick – Rocky Mountain Biological Laboratory
Jake Callicutt – VP of Executive Committee of TA; Lodging Mgr
Jeff Moffett – Board Member of TA
Jen Bickford – Board Member of TA
Jim Mcdonald – President of Executive Committee of TA; Board Member of TA
Joe Fitzpatrick – Crested Butte Town Manager
John Norton – Consultant, Former TA Board Member
Jonathan Houck – Board of County Commissioners/LMD
Ken Coleman – Gunnison City Manager
Ken Stone – Board Member of TA, Lodging Owner/Manager
Mara Kalow – Gunnison Valley Hospital
Mark Schumacher – Business Owner, Former TA Board Member
Pam Loughman – TA Executive
Paula Swenson – Board of County Commissioner, LMD, Advisory Board of TA
Phil Chamberland – Board of County Commissioners/LMD
Rob Santilli – CEO, Gunnison Valley Hospital
Russ Forrest – Gunnison County Development Director
Ryan Johnson – Board Member of TA; President of Board of Gunnison Chamber
Scott Clarkson – Secretary of Executive Committee of TA; CBMR
Stu Ferguson – Gunnison City Council
Tammy Scott – Advisory Board of TA; Executive Director of Gunnison Chamber

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#4 Agenda's of Facilitated Meetings

From Email sent to participants:

Date/Time: Wednesday, June 25th, 2014
7:00 am — 11:00 am

Location: Gunnison Holiday Inn Express
Board Room

Facilitators: Marv Weidner, Managing Results, LLC
Marty Weidner, Managing Results, LLC

Participants:

Tourism Association Executive Director
Tourism Association Board Chair/President + 1 additional Board Member
Gunnison Chamber of Commerce Executive Director
Gunnison Chamber Board Chair/President + 1 additional Board Member
Crested Butte/Mt. Crested Butte Chamber of Commerce Executive Director
Crested Butte/Mt. Crested Butte Chamber Chair/President + 1 additional Board Member
Crested Butte/Mt. Crested Butte Chamber Incoming Chamber Executive Director
Russ Forrest, Community Development Director
LMD Chair

Agenda:

Welcome/Overview
Purpose Statement Review
Identification of Tourism Issues and Trends
Development of Tourism Strategic Results
Conclusion

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LMD-Sponsored Work Session
August 22, 2014

Welcome and Introductions

Overview of Process and Progress to Date

- Additional Information

Review Results

Strategies for getting the best tourism results for the valley

- When does marketing begin and when does it end?
- Models for success
- What does integration look like? How is it accomplished?
- What does accountability for the use of LMD funds look like?

Next Steps
Adjourn

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Katherine Haase

From: Paula Swenson
Sent: Tuesday, September 16, 2014 2:20 PM
To: Matthew Birnie; Katherine Haase
Subject: Fwd: TA / Chamber facilitation

Can you add this to our information for the 14th

Sent from my iPhone

Begin forwarded message:

> **From:** ryan <ryan@weekendwarrioroutdoors.com>
> **Date:** September 16, 2014 at 1:06:16 PM MDT
> **To:** <pswenson@gunnisoncounty.org>, <jhouck@gunnisoncounty.org>, <pchamberland@gunnisoncounty.org>
> **Subject: TA / Chamber facilitation**
> **Reply-To:** ryan <ryan@weekendwarrioroutdoors.com>
>
> LMD Board,
>
> I wanted to take a moment and send you a note in regards to the current process between the TA and the chambers of commerce and using Managing For Results as a an intermediary. As many of you know, my wife and I own both the Sign Guys and Gal here in Gunnison and also Weekend Warrior Outdoors. What you may not know is that I have sat on the Chamber Board of Directors for nearly 6 years, am the current president, and also on the TA board for almost 2 years.
>
> I want to start by being very clear that I represent neither organization in this letter. This is simply from me and my personal opinions on the matter. This is not from either board of directors.
>
> I have been an active part of this process going back before MFR was hired; even back a couple of years when both chambers tried to initiate talks with the TA while Jane was the director. I think the Widener's would convey to you that I have a very neutral position in favoring one organization over another and I feel I offer a very balanced perspective. It is my opinion that this process is absolutely necessary and quite frankly should have been undertaken many years ago.
>
> I know that you have been hearing from individuals that are very upset over the way this process has been handled. Through my contacts and in talking with those on the both boards, I feel very strongly that you are hearing from the noisy minority. While I cannot force those to stand up and voice their opinion, I feel you have very strong support from the community over this matter.
>
> The visitor's centers have been suffering financial more and more every year since the tax panel was turned into the LMD. It was very clear that the chambers were not to be hurt by the formation of the TA from the beginning. The financial burden of the visitor's center has increasingly been put on the chamber membership dues which has taken away the financial ability of both chambers to perform the tasks a robust chamber should provide for its members. The issue over these finances have increased tensions between the organizations and have made

communication increasingly more difficult. This in turn has made it hard to accomplish simple tasks such as produce vacation planners in a timely manner, duplication of efforts on websites and social media, and quite frankly has created a power struggle between the organizations.

I feel very strongly that the TA board is too big and is not necessarily served by the most appropriate people. Don't misunderstand me, the people who serve the board are great people and very proficient in their own fields. However, it is a huge board, half of whom have no voting rights and most of which have very little marketing background. We have some extremely brilliant marketing minds in the valley and those are the people we should be targeting to be on a valley wide marketing board or DMO (destination marketing organization).

I also want you to know that a letter was recently sent out that appeared as though it was from the board of directors of the TA basically hammering on the LMD for the steps it has taken. As a board member, I was never consulted about the contents of this letter nor do I agree with many of the points in it. My understanding is that the executive committee of the TA wanted to convey that they do not see fractionalizing of the LMD dollars to benefit anyone. To which I also agree. Keeping the majority of the dollars "whole" just makes sense. However, this is not the direction the letter took. If you notice it was not signed by any of the board members I do not feel reflects the opinion of many of the TA board members including myself.

I don't want this to drag on and I'm not going to hammer on every point that has been discussed in the past 6 months or so. I simply wanted to convey that I am in full support of this process and feel it was absolutely critical at this point, not for one organization or the other, but to market this valley in the most efficient way possible which in turns creates the strongest economy possible. I also feel it's important for you to know that you have the support of a great number of people in both organizations, many of us have simply kept our heads down as to not harm or individual business' or organizations.

Thank you again for you time and dedication to what I consider to be one of the most important issues facing our valley at this time.

Very Sincerely

Ryan Johnson
Owner / Guide
Weekend Warrior Outdoors
www.weekendwarrioroutdoors.com
970-209-6495
Gunnison, Colorado

2.21

GUNNISON COUNTY
LI: 02-47

GUNNISON RIVER VALLEY LOCAL MARKETING DISTRICT INTERGOVERNMENTAL AGREEMENT

THIS GUNNISON RIVER VALLEY LOCAL MARKETING DISTRICT INTERGOVERNMENTAL AGREEMENT (this "Agreement") is entered into as of October 22 2002 by and among CITY OF GUNNISON, COLORADO; TOWN OF MT. CRESTED BUTTE, COLORADO; TOWN OF CRESTED BUTTE, COLORADO; AND GUNNISON COUNTY, COLORADO; (the "Signatories").

RECITALS

WHEREAS, each of the parties to this Intergovernmental Agreement is authorized by C.R.S. 29-1-2-1 *et. seq.* to cooperate and contract with one another to provide any function, service or facility lawfully authorized to each of the cooperating or contracting units, including the sharing of costs; and

WHEREAS, pursuant to title 29, article 25, Colorado Revised Statutes, as amended (the "Act"), Colorado counties and municipalities are authorized to establish by petition local marketing districts; and

WHEREAS, the issue of cooperating in a unified marketing effort has been deemed to be beneficial by the Signatories as a matter of public policy; and

WHEREAS, the Board of County Commissioners received a valid and complying petition under the act; and

WHEREAS, the City of Gunnison and Towns of Mt. Crested Butte and Crested Butte have consented to be part of a local marketing district if approved by the electorate; and

WHEREAS, the Signatories began working with the private sector in January of 2002 to assess the effectiveness of the current marketing effort and address changes in the current approach to enhance that effectiveness; and

WHEREAS, as a result of this effort the Gunnison/Crested Butte Tourism Association was formed; and

WHEREAS, the Town of Mt. Crested Butte agreeing with the beneficial nature of a unified marketing effort agrees to contribute to the funding of the Local Marketing District through annual contributions of revenue derived through passage of an Admissions Tax, if approved by the Mt. Crested Butte electorate and imposed within the

municipal boundaries of Mt. Crested Butte, and in so doing strongly encourages other municipal signatories to do likewise; and

WHEREAS, title 29, article 25 Colorado Revised Statutes provides for the Board of County Commissioners to administer the Marketing District; and

WHEREAS, the Board of County Commissioners has determined that it is to the mutual advantage and benefit of the parties hereto that the parties agree to cooperate and jointly administer the Marketing District.

NOW, THEREFORE, in consideration of their mutual covenants, as set forth herein, the parties agree as follows:

1. PURPOSE

The purpose of this Agreement is to establish a cooperative approach to the administration of the funds generated by the Local Marketing District with the intent to market the valley-wide community as a year-round destination and to promote a quality visitor experience. The parties to the Agreement agree that this will be a cooperative effort between the public and private sectors.

2. FUNDING

(a) The funding for the local marketing district will be through the implementation of a 4% lodging tax beginning on July 1, 2003 if the tax is approved by the registered electors at the November 5, 2002 election, and the existing lodging tax of 1.9% is repealed by the Board of County Commissioners, and
(b) The Board of County Commissioners of Gunnison County, Colorado will allocate the proceeds of the 4% lodging tax revenue to fund the marketing program or programs presented by the Gunnison/Crested Butte Tourism Association as approved by the Board of County Commissioners.
(c) The implementation of an admissions tax by the Town of Mt. Crested Butte if said tax is approved by the voters of the Town of Mt. Crested Butte at the November 5, 2002 election.
(d) The Town of Mt. Crested Butte will allocate up to 75% of the proceeds from the adminission's tax to fund the marketing program or programs presented by the Gunnison/Crested Butte Tourism Association as approved by the Town Council of Mt. Crested Butte.

3. ADMINISTRATION

The Gunnison River Valley Local Marketing District shall be administered by the Board of County Commissioners and appropriate representation from financially contributing signatories through a contract with the Gunnison/Crested Butte Tourism

Association as set forth in the proposed Bylaws of that organization attached hereto and incorporated herein by this reference.

4. ADVISORY BOARD

The Signatories agree that the orderly implementation of the local marketing district can be best achieved through the establishment of the Advisory Board referenced in the Bylaws of the Gunnison/Crested Butte Tourism Association. The Advisory Board will make recommendations to the Board of the Association at the end of each winter and summer season.

5. ACCOUNTABILITY

The Chairperson of the Board of Directors of the Gunnison/Crested Butte Tourism Association shall report at least semiannually during April and September of each year to each Signatory at a meeting for which prior written notice has been given to the other Signatories. This report will include but not be limited to the strategy employed, markets developed and results obtained. The Association Board shall propose the budget for the following fiscal (calendar) year at the September meeting.

6. MISCELLANEOUS PROVISIONS

(a) Non-Appropriation Clause. This Agreement does not create any multi-year financial obligations. No party shall be bound to any financial obligation beyond the current year of funding.
(b) Non-Assignability. It is anticipated that each Signatory to this Agreement is integral to its success; therefore, no part of this Agreement may be assigned to another party without the written consent of all the Signatories.
(c) Severability. If any part of this Agreement should be held to be invalid, the remaining portions of the Agreement shall remain in affect.
(d) Notices. All notices relating to continuation, termination, or changes to this Agreement shall be mailed first class or hand delivered to the Signatories at the following addresses:

Gunnison County:
County Manager
Gunnison County
200 E. Virginia
Gunnison, Colorado 81230

Mt. Crested Butte:
Town Manager
Mt. Crested Butte
P.O. Box 5800
Mt. Crested Butte, Colorado 81225

Crested Butte:
Town Manager
Crested Butte
P.O. Box 39
Crested Butte, Colorado 81224

City of Gunnison:
City Manager
City of Gunnison
P.O. Box 239
Gunnison, Colorado 81230

7. TERM

The term of this Agreement shall be one year from the date of its execution. The Agreement will be automatically renewed unless terminated in writing as set forth below or in the event any party does not make the necessary annual appropriation.

8. TERMINATION

This Agreement may be terminated by any one Signatory by giving 60 days written notice to the other Signatories. If this should occur, the Signatories agree that they will meet to discuss the reasons for the termination. If the differences can not be worked out the remaining Signatories can chose to continue to be a part of this Agreement and all terms and conditions of the agreement would remain the same, unless amended by the remaining signatories.

9. AMENDMENTS

This Agreement may be amended upon the written approval of all Signatories to this Agreement.

SIGNATURE PAGE
to
GUNNISON RIVER VALLEY LOCAL MARKETING DISTRICT
INTERGOVERNMENTAL AGREEMENT
Dated as of November 12, **2002**

ATTEST:

Gail A. Hawkson
Clerk

CITY OF GUNNISON, COLORADO

By [signature]

Name Jesse T. Stone

Title Mayor

ATTEST:

Dani M. Thaker
Clerk

TOWN OF CRESTED BUTTE, COLORADO

By Linda Powers

Name LINDA POWERS

Title MAYOR

ATTEST:

Donna Arwood
Clerk

TOWN OF MT. CRESTED BUTTE, COLORADO

By [signature]

Name W. B. SPROUSE

Title MAYOR

ATTEST:

Kelly Balch
Clerk Deputy Clerk

GUNNISON COUNTY, COLORADO

By [signature]

Name Fred A. Field

Title Chair

BYLAWS

OF

GUNNISON/CRESTED BUTTE
TOURISM ASSOCIATION
A Colorado Nonprofit Corporation

ARTICLE I
General

Section 1. NAME. This organization is incorporated under the laws of the State of Colorado and shall be known as Gunnison/Crested Butte Tourism Association.

Section 2. PURPOSE. The mission of the Tourism Association is to market our valley-wide community as a year-round destination and to promote a quality visitor experience.

Section 3. BUSINESS OFFICES. The principal office of the corporation in the State of Colorado shall be located in the County of Gunnison. The corporation may have such other office(s), either within or without the State of Colorado, as the Board of Directors ("Board") may determine or as the affairs of the corporation may require from time to time.

Section 4. REGISTERED OFFICE. The corporation shall have and continuously maintain in the State of Colorado a registered office address and registered agent whose office is identical with such registered office, as required by the Colorado Revised Nonprofit Corporation Act. The registered office may be, but need not be, identical with the principal office in the State of Colorado, and address of the registered office may be changed from time to time by the board.

Section 5. LIMITATIONS. The corporation shall observe all local, state, and federal laws which apply to a non-profit organization as defined in Section 501(c)(6) of the Internal Revenue Code.

ARTICLE II
Membership and Definitions

Section 1. CLASSES OF MEMBERS. Membership in the Association shall consist of the following classes of Membership:

At Large - Crested Butte
At Large - Gunnison
Lodging - Crested Butte
Lodging – Gunnison
Lodging – Mt. Crested Butte
Non-profit

Professional
Real Estate/Property Management
Restaurant
Retail/Commercial/Recreation
Ski Area
Associate

Section 2. QUALIFICATIONS OF FULL MEMBERSHIP. Any business licensed to and doing business in Gunnison County, by and through a person or entity who or which is an owner or managing operator of the business, shall be eligible for Full Membership on approval of a Membership application by the Board, and on timely payment of such dues and fees as the Board may fix from time to time. "Members", as the term is used in these Bylaws, shall refer only to voting Members of the corporation. Voting shall be based on one vote per membership.

Section 3. DEFINITIONS.

a. At-Large Membership shall refer to any Full or Associate Member of the corporation who or which has voting privileges. One each shall represent Gunnison and Crested Butte, respectively.
b. Lodging – Crested Butte shall mean hotel properties located north of Jack's Cabin Cutoff including the Town of Crested Butte but excluding the Town of Mt. Crested Butte.
c. Lodging- Mt. Crested Butte shall mean hotel properties located within the town limits of Mt. Crested Butte.
d. Lodging- Gunnison shall mean hotel properties located south of Jack's Cabin Cutoff, including in the City of Gunnison.
e. Non-profit shall mean a non-profit or not-for-profit registered corporation or organization with a primary business operations in Gunnison County.
f. Professional shall mean a business involving professional services or practice such as but not exclusive to medical, architect, law, accounting, financial, and the like.
g. Property Management/Real Estate shall mean persons who have businesses that manage, rent or sell properties in Gunnison County.
h. Restaurant shall mean businesses selling restaurant/food and beverage services in Gunnison County.
i. Retail/Commercial/Recreation shall mean businesses selling retail items or recreational services (not including ski area) in Gunnison County.
j. Ski Area Membership shall mean anyone doing business as a ski area in Gunnison County.
k. Associate Membership shall mean any individual or entity (including, without limitation, government, nonprofit, public utilities districts and special districts), regardless of business affiliation, residing or with principal offices or districts within the Gunnison area, and those types of businesses listed in a. through j. above, located inside or outside of Gunnison County. Associate Members shall have full participation in the Association including voting

rights, but no Associate Member or its representative shall be eligible to serve as a director or officer of the corporation.

Section 3. TERMINATION OF MEMBERSHIP.

a. The Board, by the majority vote, shall terminate the Membership of any Member who becomes ineligible for Membership, shall suspend any Member who is in default in payment of dues for the period of thirty (30) days after the date such dues become payable and shall expel any Member who shall be in default in the payment of dues for the period of ninety (90) days after the date such dues become payable. A Member shall be suspended or expelled for cause, pursuant to section 6 of this Article II, based upon the good faith determination by the Board that the Member has failed in a material and serious degree to observe the corporation's rules of conduct, or has engaged in conduct materially and seriously prejudicial to the purposes and interests of the corporation. A Person whose Membership is suspended shall not be a Member during the period of suspension.

b. Appeal. Any member terminated under the provisions of this Section 3 of Article II may appeal the action of the Board by requesting a Special Action at the next meeting of Membership.

Section 4. RESIGNATION. Any Member may resign by filling a written resignation with the Secretary of the corporation, but such resignation shall not relieve the Member resigning of the obligation to pay any dues, assessments, or other charges accrued and unpaid.

Section 5. REINSTATEMENT. Upon written request signed by a former Member and filed with the Secretary, the Board may, by the affirmative vote of two-thirds (2/3) of the directors eligible to vote, reinstate such former Member to Membership upon such terms as the Board may deem appropriate.

Section 6. PROCEDURE FOR EXPULSION OR SUSPENSION. If grounds appear to exist for expulsion or suspension of a Member for a cause under Section 3 of Article II, the following procedure shall be followed:

a. The Member shall be given fifteen (15) days prior notice of the proposed expulsion or suspension and the reasons for the proposed expulsion or suspension. Notice shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail shall be sent by first class or registered mail to the Member's last address as shown on the corporation's records.

b. The Member shall be given an opportunity to be heard, either orally or in writing, at least five (5) days before the effective date of the proposed expulsion or suspension. The hearing shall be held or the written statement considered by the Board.

c. The Board shall decide whether or not the Member should be suspended, expelled or sanctioned, which action shall be taken only by affirmative vote of two-thirds (2/3) of the directors eligible to vote. The decision of the Board shall be final.

Section 7. TRANSFER OF MEMBERSHIPS. No rights or obligations arising from Membership shall be transferred or assigned. Should a business become unrepresented as a Member due to the failure of a person formerly representing that business to be qualified for Membership, a new person or entity may apply for Membership representing that business. Dues and Membership may be transferred to new owner for the remainder of the current fiscal year.

ARTICLE II
Meetings of the Membership

Section 1. ANNUAL MEETING. An annual meeting of the Members shall be held in or around Gunnison/Crested Butte, in Colorado, in August each year, the time and place to be designated by the Board. Notice of the annual meeting shall be provided as outlined in Article III, Section 5, below. At the annual meeting, reports of the affairs of the corporation shall be considered, and proper business may be transacted that is within the power of the Members. Failure to hold the annual meeting at the designated time shall not result in a forfeiture or dissolution of the corporation. Each annual meeting shall take place no later that 15 months after the preceding annual meeting or the incorporation of the Association.

Section 2. SPECIAL MEETINGS. A Special Meeting of the Members for any lawful purpose may be called at any time by the Board, the President, or any three (3) or more Board Members, or by five percent (5%) or more of the Members. A Special Meeting called by any person other than the Board shall be called by written request, specifying the general nature of the business proposed to be transacted, and submitted to the President or any Vice President or the Secretary of the corporation. The officer receiving the request shall cause notice to be given promptly to the Members entitled to vote, in accordance with Section 5 of this Article III, stating that a meeting will be held at a specified time and date fixed by the Board, provided however, that the meeting date shall be at least fifteen (15) but not more than sixty (60) days after the receipt of request. If the notice is not given within twenty (20) days after the request is received, the person or persons requesting the meeting may give the notice. Nothing in this section shall be construed as limiting, fixing, or affecting the time at which a meeting of the Members may be held when the meeting is called by the Board. No business, other than the business the general nature of which was set forth in the notice of the meeting, may be transacted at a Special Meeting.

Section 3. RECORD DATE. The Board shall set a record date for the purpose of determining voting rights of the Membership at the Annual Meeting and/or any additional or Special Meeting or special questions to come before the Membership as is appropriate from time to time. The record date shall be set not less than ten (10) or more than sixty (60) days before the date of the meeting in question. If not otherwise fixed by the Board, the record date for

determining Members entitled to vote at a meeting shall be the day on which the meeting is held or on which the first written ballot is mailed or solicited, in the case of action by written ballot.

Section 4. NO PROXIES. Voting by proxy shall not be allowed at any meeting of the Members, or in a vote by written ballot.

Section 5.

a. NOTICE OF MEETINGS. Whenever Members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given, in accordance with this Section 5 of Article III, to each member entitled to vote at that meeting. The notice shall specify the place, date, and hour of the meeting and, (a) for a Special Meeting, the general nature of the business to be transacted, and no other business may be transacted, or (b) for the Annual Meeting, those matters that the Board, at the time the notice is given, intends to present for action by the Members, but except as provided in Section 5.b., below, any proper matter may be presented at the meeting. The notice of any meeting at which directors are to be elected shall include the names of all persons who are nominees when the notice is given.

b. NOTICE OF CERTAIN AGENDA ITEMS. Approval by the Members of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals;

(i) Removing a Director without cause;
(ii) Filling vacancies on the Board;
(iii) Amending the Articles of Incorporation; or
(iv) Electing to wind up and dissolve the corporation.

c. MANNER OF GIVING NOTICE. Notice of any meeting of Members shall be in writing and shall be given at least ten (10) but not more than sixty (60) days before the meeting date. The notice shall be given either personally or by first class, registered, or certified mail, or by other means of written communication, charges prepaid, and shall be addressed to each Member entitled to vote, at the address of that Member appearing on the books of the corporation for purposes of notice. If no address appears on the corporation's books and no address has been so given, notice shall be deemed to have been given if either:

(i) Notice is sent to that Member by first class mail or electronic mail or written communication to the corporation's principal office; or
(ii) Notice is published at least once in a newspaper of general circulation in the county in which the principal office is located. An affidavit of the mailing of any notice of the Member's meeting, or of the giving of such notice by other means, may be executed by the Secretary or an

assistant secretary of the corporation, and if so executed, shall be filed and maintained in the corporation's minute book.

Section 6. VOTING. Each Membership, as defined by these Bylaws, shall be entitled to one vote. Any voting Member whose dues are not fully paid shall not be eligible to vote. Voting may be by voice or ballot, except that any election of directors must be by ballot if demanded by any Member at the meeting before the voting begins.

Section 7. ACTION BY WRITTEN BALLOT WITHOUT A MEETING. Any action, including without limitation election of directors, that may be taken at any meeting of the Members may be taken without a meeting by complying with the following provisions of this Article III, Section 7:

a. SOLICITATION OF WRITTEN BALLOTS. The corporation shall distribute one (1) written ballot to each Member entitled to vote on the matter. Such ballots shall be mailed or delivered in the manner required by Section 5 of this Article III. All solicitations of votes by written ballot shall:

   (i) Indicate the number of responses needed to meet the quorum requirement;
   (ii) With respect to ballots other than for election of directors, state the percentage of approvals necessary to pass the measure or measures;
   (iii) Specify the time by which the ballot must be received in order to be counted; and
   (iv) Each ballot so distributed shall (1) set forth the proposed action; (2) provide the Members an opportunity to specify approval or disapproval of each proposal; and (3) provide a reasonable time in which to return the ballot to the corporation. If the corporation has one hundred (100) or more Members, any written ballot distributed to ten (10) or more Members shall provide, subject to reasonable specified conditions, that if the solicited Member specifies a choice with respect to any such matter, the vote shall be cast in accordance with that specification. In any election of directors, a written ballot that a Member marks "withhold", or otherwise in a manner indicating that authority to vote it withheld, shall not be voted either for or against the election of a director.

b. NUMBER OF VOTES AND APPROVALS REQUIRED. Approval by written ballot shall be valid only when (1) the number of votes cast by ballot (including those ballots which are marked "withhold" or otherwise indicate that authority to vote is withheld) within the time specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and (2) the number of approvals equals or exceeds the number of votes that would be required for approval at a meeting at which the total number of votes cast by written ballot without a meeting.

c. WRITTEN REVOCATION. A written ballot may not be revoked.

d. FILING. All written ballots shall be filed with the Secretary and maintained in the corporate records for at least three (3) years.

Section 8. QUORUM. Ten percent (10%) of the voting power of the Members shall constitute a Quorum for the transaction of business at any meeting of Members, provided, however, that if any regular or annual meeting is actually attended in person by less than one-third (1/3) of the voting power, the only matters that may be voted on are those of which notice of their general nature was given under the first and second sentences of Section 5.c. of Article III, above. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough Members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

Section 9. ADJOURNMENT AND NOTICE ADJOURNED MEETINGS. Any Members' meeting, whether or not a quorum is present, may be adjourned from time to time by a vote of the majority of the Members represented at the meeting. No meeting may be adjourned for more than forty-five (45) days. When a Member's meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken. If after adjournment, a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each Member who, on the record date for notice of the meeting, is entitled to vote at the meeting. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting.

Section 10. ORDINARY ACTION. Ordinary action of the Association shall mean any action of the Association which is not a Special Action. If a quorum is present, the affirmative vote of a majority of the voting power of Members represented at the meeting, entitled to vote and voting on any matter, shall be the act of the members on any Ordinary Action Proposal, unless the vote of a greater number, or voting by classes, is required by the Colorado Nonprofit Public Benefit Corporation law, by the Articles of Incorporation or these Bylaws. Any matter which the Board determines is of question only to one or more, but less than all, of the class(es) of Membership, may be acted upon by affirmative vote of a majority of the voting power of only the classes of Membership which are affected by that action, as determined by the Board.

Section 11. SPECIAL ACTION. Special Action of the Association shall mean any action of the Association designated as such in the Articles of Incorporation or these Bylaws. Special Action shall require the affirmative vote of at least two-thirds (2/3) of the voting power of Members represented at the meeting, entitled to vote and voting on and Special Action matter, unless the vote of a greater number, or voting by classes, is required by the Colorado Nonprofit Public Benefit Corporation, or by the Articles of Incorporation or these Bylaws.

ARTICLE IV
Board

Section 1. GENERAL POWERS. Subject to provisions and limitations of the Colorado Revised Nonprofit Corporation Act, and any other applicable laws, and subject to any limitations of the Articles of Incorporation or Bylaws regarding actions that require approval of the Members, the corporation's activities and affairs shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board.

Section 2. NUMBER. The authorized number of elected directors of the corporation shall be up to eleven (11). The authorized number of elected directors may be modified by a majority vote of the Membership.

Section 3. COMPOSITION OF BOARD. The Board shall be elected and composed, unless modified by the Board in accordance with and pursuant to these Bylaws, as follows:

One (1) At Large- Crested Butte
One (1) At Large- Gunnison
One (1) Lodging - Gunnison
One (1) Lodging- Crested Butte
One (1) Lodging- Mt. Crested Butte
One (1) Non-profit
One (1) Professional
One (1) Real Estate/Property Management
One (1) Restaurant
One (1) Retail/Commercial
One (1) Ski Area

The qualifications for directors are that each shall be the person representing a Full Member which is a business licensed in Gunnison County, Colorado, and is of the Membership class represented by the Board position held. No more than six (6) positions shall be held by representatives by the north or south ends of the County. Jack's Cabin Cutoff shall define the line between north and south.

The Board shall also include six (6) non-voting Advisory Board Members, appointed by their respective organizations to include:

Gunnison County
City of Gunnison
Town of Crested Butte
Town of Mt. Crested Butte
Public Lands
Western State College

In addition, one will be the immediate Past President of the corporation who shall serve for the period of the one (1) year following his or her term as president, provided that the past president is not already serving as a director.

Section 4. TERM OF ELECTED DIRECTORS. Except as provided for in Section 6.g. of this Article IV, each elected director shall hold office for a term of three (3) years. Any elected director is eligible for re-election, except that no elected director shall serve more that two consecutive terms or six consecutive years.

Section 5. NOMINATION OF DIRECTORS TO BE ELECTED. The Board shall appoint an Election Committee composed of two (2) to three (3) Members of the Board and two (2) to three (3) Members not currently serving on the Board. The responsibilities of the Election Committee shall be:

a. To solicit qualified candidates for nomination. To qualify, a candidate must be an owner or manager of an active, current Member business or the designated agent of that Member, of the Membership class which he or she will represent.

b. To prepare a slate of candidates. Any Member may nominate its representatives or other Members of their respective Membership class.

c. To conduct a primary election, if necessary. If more that three candidates have been nominated for the same Membership class Board position, a primary election will be held. The three candidates who receive the most votes will be in the general election.

d. To give notice of the election, including a list of all candidates nominated by the election committee under this Section, at least 45 days prior to such election.

e. To conduct the election.

f. To appoint an impartial party as Inspector of Election to tally the ballots and announce the results to the Board.

Section 6. ELECTION OF DIRECTORS.

a. Election of directors shall be by written ballot. In addition, nominations may be made from the floor or by write-in on the ballot.

b. Elections will occur based on the following schedule:

May	-Notice of Election
June	-Filing Deadline
July	-Primary Election, if necessary

August	-General Election
September	-Take Office

c. The Board shall formulate procedures that allow a reasonable opportunity for a nominee to communicate to Members the nominees' qualifications and the reasons for the nominees' candidacy, a reasonable opportunity for all Members to choose among the nominees. Without Board authorization, no corporate funds may be expended to support a nominee for director after more people have been nominated for director than can be elected to a contested position.

d. Staggered Elections – Three (3) to four (4) seats shall be elected each year, for three (3) year term (with the exception of the First Board) as follows:

Year A	Year B	Year C
Restaurant	At-Large Gunnison	At-Large Crested Butte
Non-Profit	Professional	Retail/Comm/Recreation
Lodging – Mt Crested Butte	Lodging – Crested Butte	Lodging – Gunnison
	Ski Area	Real Estate/Property Mgmt

e. Interim Board – An Interim Board shall be appointed by the incorporator, to be the same Board as appointed by the Gunnison County and Municipalities IGA for the corporation from incorporation until terminated 30 days after the first Board election. The Interim Board shall have all the duties and powers of an elected Board under these Bylaws, and shall provide for the election of the First Board.

f. First Board – The first elected Board of Directors ("First Board") shall take office by _____. The First Board shall be elected with the notice described above, but may occur on a schedule different from that provided for in Section 6 of this Article IV as scheduled by the Interim Board, provided that such election shall follow a similar time frame as described in Section 6.b. above, which is approximately 90 days from notice to taking office.

g. First Elections – The first election of the Board of Directors will elect the following directors for, respectively, terms consisting of the remainder of _____ and all of either one (1) additional year, two (2) additional years or three (3) years additional years, in order to establish staggered positions as described in Section 6.d. of this Article IV, above, as follows:

One Year Term – Group A
Two Year Term – Group B
Three Year Term – Group C

h. Special Elections – Should these Bylaws be amended to provide for additional Board Members and/or change of the composition of the Board, a special election of any director position affected by such changes shall be held by

written ballot, or at a general or special meeting held in accordance with these Bylaws.

Section 7. VACANCY. Any vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining directors at a meeting at which there is a quorum of directors present. A vacated seat must be filled by a Member from the same Membership class. A director elected in this manner to fill a vacancy shall serve until the next election of directors, at which time a director from the Membership class will be elected to fill the remainder of the unexpired term.

Section 8. RESIGNATION. Any director may resign at any time by mailing or delivering, or transmitting by facsimile, written notice of his/her resignation to the President or the Secretary of the corporation. Any such resignation shall be effective when the notice is given, unless it specifies a later time for the resignation to become effective. Except on notice to the Attorney General of Colorado, no director may resign if the corporation would be left without a duly elected director or directors in charge of its affairs.

Section 9. REMOVAL BY BOARD. Any elected Member of the Board may be removed by the affirmative vote of two-thirds of the directors entitled to vote whenever in their judgement grounds for the removal of a director exists. Without limitation, it shall be cause for removal of a director if the director fails to attend three (3) consecutive meetings.

Section 10. REMOVAL BY VOTE OF MEMBERS. Any elected director may be removed for any reason, with or without cause, upon the affirmative vote of a majority of all Members, if the corporation has fewer than fifty (50) Members, or by the affirmative vote of the majority of the Members represented at a meeting, or on written ballot, at which a quorum is present, if the corporation has fifty (50) or more Members in accordance with the provisions of C.R.S. §7-128-108, as amended.

ARTICLE V
Duties of the Board

Section 1. Without limiting the general powers set forth in Section 1 of Article IV of these Bylaws, the directors shall have specific powers and duties set forth in this Article V.

Section 2. BUDGET. The Board shall, prior to the beginning of each fiscal year, propose and tentatively adopt a budget, which shall also include all long-term or continuing commitments of the corporation made in connection with or contemplated under any previously approved budget. The Budget Committee will submit a draft budget to the Board for tentative adoption. The Board will submit the portion of the budget funded by public funds to the Gunnison County and Muncipalities IGA for approval, and shall adopt the budget in final form after receipt of such approval.

Section 3. ADDITIONAL REVENUES. The Board shall provide for additional means of funding the activities of the corporation through appropriate actions as may benefit the general funds and overall operations of the corporation.

Section 4. REGULAR MEETINGS. The Board shall meet once a month and shall determine a regular interval for meetings by resolution of the Board at a time and place designated by the President. Regularly scheduled meetings of the Board may be rescheduled by the President or by the Secretary by authority of the President. Delivery of meeting materials to the Board shall occur no fewer than five (5) calendar days prior to the regular meeting.

Absence from three (3) consecutive meetings by any elected director without an excuse deemed valid and so recorded by the Board shall be considered as a resignation, under which circumstances the Board will proceed to select a successor to fill such vacancy in accordance with Article IV, Section 7.

Section 5. SPECIAL MEETINGS. A special meeting of the Board shall be held upon four (4) days notice by first class mail or seventy-two (72) hours notice delivered personally or by telephone, e-mail, or facsimile, and may be called the President, any Vice President, or the Secretary, or any two (2) directors. Notice of a special meeting may not be given to any director who signs a waiver or notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior to thereto or at its commencement, the lack of notice of such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 6. QUORUM. At all meetings of the Board, the majority of the voting directors shall constitute a quorum. In the event that a quorum is not in attendance at any meeting, the meeting shall promptly be adjourned until a quorum is present or the meeting may continue without taking actions requiring a vote. Notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment. With the approval of a vote of the majority of directors present at any meeting, whether or not a quorum is present, members of the Board may participate in the meeting through use of conference telephone or similar communications equipment, so long as all members participating in such a meeting can hear one another. Participation in a meeting by telephone or video conference constitutes presence in person at such meeting.

The President will vote on all matters before the Board. If any vote ends in a tie, the issue shall not be approved.

Section 7. PROXY AND ASSIGNMENT. There shall be no voting by directors by proxy or assignment. Directors must be present at the meeting to place a vote.

Section 8. MANNER OF ACTING. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater

number is required by law or by these Bylaws. Each voting director shall be entitled to one vote on each matter submitted to the Board.

Section 9. COMPENSATION. Directors shall not receive any salary or other compensation for services to the corporation as a director; provided that the Board may, by resolution adopted by a majority of the directors then entitled to vote, provide compensation in a fixed sum and reimbursement of expenses for attendance, which may be allowed for attendance at each regular or special meeting of the Board. Compensation shall be consistent with the nonprofit status of the organization and in compliance with all rules and regulations of the Internal Revenue Service.

Section 10. ADJOURNMENT. Any meeting of the Board may be adjourned by affirmative vote of a majority of the directors present. If at any time during the course of a meeting of directors, a quorum ceases to exist, the remaining directors shall immediately adjourn the meeting or take no action requiring voting as provided for Section 6 of this Article V.

Section 11. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board (not including any director with a conflicting interest transaction as defined in C.R.S. §7-128-501) individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as the unanimous vote of such directors.

Section 12. EXECUTIVE DIRECTOR. The Executive Director shall be the chief paid executive employee of the corporation. The Board may retain an executive director who shall be responsible to the Board for the implementation of the policies and goals set by the Board. The Executive Director shall have the following authority and responsibilities, unless otherwise limited by a majority vote of the entire Board:

a. Administration and supervision over all corporation staff employees;

b. Administration and supervision over all corporation programs;

c. The responsibility, unless otherwise directed by the Board, to attend all meetings of the Board and all corporation committees;

d. Prepare annual budget and be responsible for financial reporting as requested by the Board.

ARTICLE VI
Officers

Section 1. OFFICERS. The officers of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Chief Financial Officer (which may also be known as Treasurer), and such other officers as the Board shall deem proper.

Section 2. ELECTION. The Board, at its first meeting after each time new board Members take office, shall choose the officers and may, not inconsistent with the Bylaws, fix the powers and duties of any officer. Each officer so chosen shall hold office for one year or until his/her successor shall be chosen and shall qualify, unless he/she shall sooner resign or be removed as herein in these Bylaws provided.

Section 3. AGENTS. The Board may, except as otherwise required by law, authorize any officer or officers, agent or agents in the name of and on behalf of the corporation to sign checks, drafts, or other orders for the payment of money or notes of other evidences of indebtedness, to endorse for deposit, deposit to the credit of this corporation at any bank or trust company or banking institution in which the corporation may maintain an account, cash, checks, notes, drafts or other bankable securities or instruments and such authority may be general or confined to specific instances as the board may elect, but unless so authorized by the Board. Except as specifically authorized by the Board, no officer, agent or employee shall have power of authority to bind the corporation by contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

Section 4. DUTIES OF THE OFFICERS. The duties of the officers shall be as follows:

a. President. The President shall be the principle executive officer of Association and shall (i) have the general control of the affairs and business of the Association; (ii) preside at all meetings of the Membership and the Board; (iii) appoint chairpersons and members of all committees and shall be an ex-officio member thereof; (iv) sign all deeds, notes, contracts or other instruments which the Board has authorized to be executed, except where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws or by statute to some other officer or agent of the corporation; (v) perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

b. Vice President(s). The Vice President(s) shall assist the President and the Board and shall perform such duties as may be assigned to them by the President or by the Board. In the absence of the President of the Board, the Vice President designated by the Board shall have the powers and perform the duties of the Chair. If no such designation shall be made, any Vice President may exercise such powers and perform such duties.

c. Secretary.

(i) The Secretary shall keep or cause to be kept at the corporation's principal office or such other place as the Board may direct, a book of minutes of all meetings, proceedings and actions of the Board, of committees of the Board and of Members meetings (minutes shall include the time and place that the meeting was held, whether

the meeting was annual, regular or special, and, if special, how authorized, the notice given, the names of those present at Board and committee meetings, and the number of members present or represented at Members meetings);

(ii) See that all notices are duly given in accordance with the provisions of these Bylaws, the Articles of Incorporation, and as required by law;

(iii) Be custodian of the corporate records and of the seal of the corporation and affix the seal to all documents when authorized by the Board and keep or cause to be kept, at the principal office in Colorado, a copy of the Articles of Incorporation and the Bylaws, as amended to date;

(iv) Keep at its registered office or principal place of business within Colorado a record containing the names and registered addresses of all Members; and

(v) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board.

Assistant Secretaries, if any, shall have the duties and powers as given by the Secretary, President or the Board, all subject to supervision by the Secretary.

d. Chief Financial Officer. The Chief Financial Officer shall be known as the Treasurer and shall (i) be the principal financial officer of the corporation; (ii) have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the corporation and deposit the same in accordance with the instructions of the Board; (iii) receive and give receipts for moneys paid in on account of the corporation; (iv) pay out of the funds on hand all bills payrolls and other just debts of the corporation of whatever nature upon maturity; and (v) perform all other duties incident to the office of the Treasurer and, upon request of the Board, shall make such reports as may be required at any time.

The Treasurer shall, if required by the Board, give the corporation in a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of the Treasurer's duties and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the corporation. The Treasurer shall have such other powers and perform such other duties as

may be from time to time prescribed by the Board or the President. The Assistant Treasurers, if any, shall have the powers and duties given by the Treasurer, President or the Board, all subject to the supervision of the Treasurer.

Section 6. LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND MEMBERS. To the fullest extent permitted by law, the directors, officers, employees and Members of the Association shall not be liable for any of the Association's obligations, or for any act, or failure to act, of the Association. In accordance with C.R.S. § 7-129-101 through §7-129-110, the corporation shall indemnify its directors, officers, employees and other allowed persons to the fullest extent provided in its Articles of Incorporation and by the Colorado Revised Nonprofit Corporation Act, and as such statute may be subsequently amended or revised.

The corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officers, directors, employees or agents status as such.

The Board, or such individual(s) as may be designated by the Board, shall in the Board's discretion, provide for the bonding of the directors, officers, employees and/or Members of the Corporation in such amounts, types of bonds and circumstances as the Board may deem appropriated from time to time.

Section 7. DIVIDEND PROHIBITED. No dividend shall be paid and no part of the income or profit of this corporation shall be distributed to the corporation's Members, directors or officers. The corporation may reimburse its Members, directors or officers for out-of-pocket expenses they may incur for the benefit of the corporation, may confer benefits upon its Members in conformity with its purposes and, upon dissolution or final liquidation, may make distributions to its Members to the extent permitted by Colorado and federal law without jeopardizing the tax exempt status of the corporation, and no such payment, benefit or distribution shall be deemed to be a dividend or distribution shall be deemed to be a dividend or a distribution of income or profit.

Section 8. LOANS TO DIRECTORS AND OFFICERS PROHIBITED. No loans shall be made by the corporation to its directors of officers.

Section 9. RETURN OF DOCUMENTS. Directors and Officers shall return all corporate documents to the corporation no later than 15 days after leaving office.

ARTICLE VII
Committees

Section 1. FINANCE COMMITTEE. The Board, by resolution adopted by a majority of the directors in office at its first regular meeting after the new board takes office shall

select a Finance Committee. The duties of the Finance Committee shall be to advise the Board on any and all matters pertaining to the present and any future budgets, and all financial matters relating to the corporation.

Section 2. ELECTIONS COMMITTEE. At least sixty days prior to any election, the Board shall appoint an Election Committee composed of three (3) Members of the Board and four (4) Members not currently serving on the Board. The responsibilities of the Election Committee are defined in Article IV, Section 5.

Section 3. MARKETING COMMITTEE. The Board shall cause to form a Marketing Committee, whose members shall be appointed by the Board. The Committee shall consist of a minimum of three (3) Members of the Board and a minimum of three (3) Members not currently serving on the Board.

Section 4. MEMBERSHIP COMMITTEE. The Board shall cause to form a Membership Committee, whose members shall be appointed by the Board. The Committee shall consist of a minimum of three (3) Members of the Board and a minimum of three (3) Members not currently serving on the Board.

Section 5. OTHER COMMITTEES. The Board, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committee(s) as deemed necessary by the Board, or may authorize the President to make such appointment(s) to perform specific duties as requested by the Board. Any committee which is in power to act on the Board's behalf in any manner shall be composed of two (2) or more directors and the meetings and actions of such committees shall be governed by the provisions of these Bylaws concerning meetings and other Board actions, except at the time for regular meetings of such committees and the calling of special meetings may be determined either by Board resolution and, if there is none, by resolution of the committee of the Board. The Board may adopt rules for the government of any committee, providing they are consistent with these Bylaws, or in the absence of rules adopted by the Board, the committee may adopt such rules. Minutes of each meeting of any committee of the Board shall be kept and filed with the corporate records. Any appointed committee shall be responsible only to the Board.

Section 6. REMOVAL OF COMMITTEE MEMBERS. Any Member serving on a committee appointed by the President or a majority vote of the Board may be removed by a majority vote of the Board whenever, in their best judgement, the best interest of the corporation is served by such removal.

Section 7. TERM OF OFFICE. Each Member of a committee shall serve a one year term or until the responsibility of the committee is successfully terminated as determined by the President or by a majority vote of the Board, whichever is shorter. Committee Members, if they desire, may be reappointed to the Committee by the Board for additional one-year term(s).

Section 8. TERMINATION OF COMMITTEE. By majority vote of the Board, a Committee formed under Section 3 of this Article VII, may be terminated when, in the opinion of the Board, there is no longer a purpose or function for the Committee.

ARTICLE VIII
Membership Dues

Section 1. DUES. The fee structure and initiation fee (if any) for Memberships and Associate Memberships shall be determined by the Board. Dues by Membership category and benefits of membership by Membership category shall be determined at the discretion of the Board.

Section 2. PAYMENT OF DUES. Dues shall be payable upon receipt of billing and shall be considered delinquent thirty (30) days after the date of assessment, or according to a payment schedule agreed upon by the Board. Members in arrears over 30 days shall lose Membership benefits and shall be removed from Membership if dues have not been paid within 90 days.

Section 3. DATE OF ASSESSMENT. The date of assessment of dues shall be determined by the Board.

Section 4. FISCAL YEAR. The fiscal year of the Corporation shall be July 1 to June 30.

Section 5. SPECIAL ASSESSMENT. Any special assessment of fees in addition to the annual payment of all regular Members will be able to participate in additional benefits for a fee. These may include such items as a travel planner, lodging reservations, and other items to be determined dues specified in this Article to be paid by Members may be determined by the Board only upon majority approval of the Membership class(es) upon whom the assessment is to be levied. When a special assessment will apply to the entire Membership, a majority approval of the Membership is required.

ARTICLE IX
Amendments and Dissolution

Section 1. AMENDMENTS BY DIRECTORS. New Bylaws may be adopted, or these Bylaws may be amended or repealed from time to time by action of a two-thirds (2/3) majority vote of the Board, provided that notice of the proposed amendment shall have been mailed or emailed to each Member of the Corporation not less than fourteen (14) days prior to such action. The Board may not adopt, amend or repeal any Bylaw if that section would materially and adversely affect the Members' rights as to voting or transfer. The Board may not, without the approval of the Members, specify or change any Bylaw provision that would:

a. Fix or change the authorized number of directors (not including ex-officio, non-voting members of the Board);

b. Fix or change the minimum or maximum number of directors; or
c. Change from a fixed number of directors to a variable number of directors or visa versa.

Such action by Members must follow the rules for Special Action as defined in Article III, Section 11.

If any provision of these Bylaws requires the vote of a larger proportion of the Board than is otherwise required by law, that provision may not be altered, amended or repealed except by that greater vote.

Without the approval of the Members, the Board may not adopt, amend, or repeal any Bylaw that would:

i. Increase or extend the terms of directors;
ii. Allow any director to hold office by designation or selection rather than by election by the Members (except as allowed by Article IV, Section 7);
iii. Increase the quorum for Members' meeting;
iv. Repeal, restrict, create, expand, or otherwise change proxy rights; or
v. Authorize cumulative voting.

Such action by Members must follow the rules for Special Action as defined in Article III, Section 11.

Section 2. MAINTENANCE AND INSPECTION OF RECORDS. Every Member and director shall have all rights of inspection of the corporation's books, records and documents as are provided for under applicable law. The Board shall cause an annual report to be sent to the Members and directors within one hundred twenty (120) days after the end of the corporation's fiscal year.

CERTIFICATE OF SECRETARY

I certify that I am a duly elected and acting Secretary of NAME TO BE DETERMINED a Colorado Nonprofit Public Benefit Corporation, that the above Bylaws, consisting of _____ pages, are the Bylaws of this corporation as adopted by the Board on _____, 2002, and that they have not been amended or modified since that date.

Executed on _____, 2002 at Gunnison, Colorado

_____
SECRETARY