

**BYLAWS & RULES OF PROCEDURES
OF
THE TELLURIDE REGIONAL AIRPORT AUTHORITY (TRAA)**

These Bylaws and Rules of Procedure are a compilation of some, but not all, of the laws, contractual agreements and policies under which the Board of Commissioners operates. Except as provided by law, this Board of Commissioners, by adoption hereof, obligates itself to comply with the provisions hereof.

1. BOARD MEMBERSHIP AND TERMS

TRAA's Board of Commissioners ("TRAA Board" or "Board") is comprised of nine voting members, representing the county and municipalities which combined to create the Telluride Regional Airport Authority. Members of the Telluride Regional Airport Authority Board of Commissioners shall be appointed by resolution of the governing boards of each of the following: San Miguel County, Town of Telluride and Town of Mountain Village. Each of the governing boards of San Miguel County, Town of Telluride and Town of Mountain Village shall appoint three regular voting members to the Board of Commissioners of TRAA. In addition, each such governing board may, in its sole discretion, appoint an alternate member of the TRAA Board of Commissioners, who shall be entitled to vote at properly scheduled meeting of the Board of Commissioners of TRAA in the absence of a regular voting member from the town or county from which said alternate member was appointed.

All business of the Board shall be conducted only during such regular or special meetings and all such meetings shall be open to the public.

All members of the TRAA Board of Commissioners shall be taxpaying electors, registered to vote, who reside in the town or county from which appointed for not less than thirty days, or who own taxable real or personal property situated within the boundaries of the town or county from which said member was appointed. A change of residence of a member of the Board to a place outside the municipality or county which he or she represents automatically creates a vacancy on the Board as to that municipality or county.

The terms of all members of the TRAA Board of Commissioners shall be four years. At the expiration of the term of any commissioner, a new appointment shall be made by the appropriate governing board; any member may be appointed to succeed him or herself, except as otherwise stated herein.

No member of the TRAA Board shall receive any compensation as an employee of the Authority or otherwise, other than that provided by C.R.S. 41-3-105, and no member of the Board shall be interested in any contract or transaction with the Authority except in his official respective capacity. Any member of the TRAA Board who is present at a meeting during which any matter, in which he or she has, directly or indirectly, a private pecuniary or property interest, is discussed, said member shall declare his or her interest and shall refrain from advocating for or

against the matter, and shall not vote for or against the matter, and shall not vote in respect to such matter.

Each TRAA Board member is expected to attend at least 50% (one-half) of the regular meetings during each calendar year. If, at the end of the year, a member's attendance is less than the 50%, he or she shall no longer be a member of TRAA and the appointing body will be notified and asked to appoint a new member. The terminated member cannot be reappointed to succeed him or herself.

2. NOTICE OF MEETINGS

Notice of time and place designated for all regular meetings shall be posted in at least three places within each municipality and county forming a part of the Authority if created by the formation of a combination, and, in addition, one such notice shall be posted, irrespective of the procedure under which the Authority is created, in the county courthouse in the county wherein the airport is located and in the county creating the Authority. Such notices shall remain posted and shall be changed in the event that the time or place of such regular meeting is changed.

3. REGULAR MEETING

The regular meeting of the Board shall be held on the third Thursday of each month, at 12:00 pm. The day of a specific regular meeting may be changed in the event that the meeting conflicts with a major community or airport event. In any case, regular meetings require notice and posting three days prior to the meeting in accordance with Paragraph 2 above.

4. SPECIAL MEETINGS

Special meetings may be called by any member of the Board by informing the other members of the date, time, and place of such meetings and the purpose for which it is called and by notice and posting as provided in Paragraph 2 above at least three days prior to said meeting. Special meetings are limited to matters, which cannot be reasonably scheduled for the next regular meeting.

5. QUORUM

The Board shall conduct business only if a quorum of six voting members is present at the meeting. Any combination of regular members and alternate members (who are entitled to vote as set forth herein below) that equal six members shall be considered a quorum. Withdrawal of a regular member or an alternate member of the TRAA Board from any meeting shall not cause failure of a duly constituted quorum at that meeting.

If, at the start of a meeting, there are less than three regular voting members present from one or more of the county and municipalities which combined to create the Telluride Regional Airport Authority, then the alternate member appointed by said county or municipalities shall

vote during said meeting. In the event that such county or town has not previously appointed an alternate member, then that county or town shall not have the right to a vote on behalf of or for said missing regular voting member during that meeting.

If possible, attendance at all meetings of the TRAA Board shall be by personal attendance. However, no more than twice in each calendar year, a regular voting or alternate member may attend a board meeting telephonically. There shall be no attendance at a board meeting by proxy.

6. STANDARDS OF CONDUCT & CONFLICTS OF INTEREST

Members of the Board, employees and agents shall not:

- A. Disclose or use confidential information acquired in the course of his official duties in order to further substantially his personal financial interest;
- B. Accept: (a) a gift of substantial value, (b) a substantial economic benefit, tantamount to a gift of substantial value, including, but not limited to, the acceptance of a loan at a rate of interest substantially lower than the commercial rate then currently prevalent for similar loans, (c) compensation for private services rendered at a rate substantially exceeding the fair market value of such service, or (d) payment of salary from employment, (i) which would tend improperly to influence a reasonable person in his position to depart from the faithful and impartial discharge of his public duties, or (ii) which he knows or which a reasonable person in his position should know, under the circumstances is primarily for the purpose of rewarding him for official action he has taken. Provided however, notwithstanding the foregoing, the following shall not be prohibited by this provision: acceptance of (i) campaign contributions, (ii) contribution in kind reported as required by the Colorado Revised Statutes, (iii) occasional nonpecuniary gifts of insignificant value, (iv) nonpecuniary awards publicly presented by a nonprofit organization in recognition of public service, (v) payments or reimbursements for actual and necessary expenditures for travel, (vi) subsistence payments for attendance at a convention or other meeting at which such person is scheduled to participate, (vii) items of perishable or nonpermanent value (such as: meals, lodging, travel expenses, tickets to sporting, recreational, educational, or cultural events), or (viii) payment for speeches, appearances, or publication reported as required by the Colorado Revised Statutes;
- C. Engage in a substantial financial transaction for his private business purposes with a person whom he inspects or supervises in the course of his official duties;
- D. Perform an official act directly and substantially affecting the economic benefit of a business or other undertaking in which he has a substantial financial interest or is engaged as counsel, consultant, representative or agent;

- E. Vote on or attempt to influence the decisions of other members of TRAA in voting on a matter in which he has a private or personal interest in the matter proposed or pending before TRAA, and he shall disclose such interest to the members of the Board, except that, he may vote on said matter if his vote or participation is necessary to obtain a quorum or otherwise enable the Board to act and if he voluntarily discloses the nature of his private interest which may impinge on his fiduciary duty and the public trust;
- F. No member of the Board shall receive any compensation as an employee of the Authority or otherwise, other than that provided by C.R.S. 41-3-105, and no member of the Board shall be interested in any contract or transaction with the Authority except in his official respective capacity; or
- G. Any member of the Board of Commissioners of the Telluride Regional Airport Authority who is present at a meeting at which is discussed any matter in which he or she has, directly or indirectly, a private pecuniary or property interest, shall declare his or her interest and shall refrain from advocating for or against the matter, and shall not vote in respect to such matter.

7. MINUTES AND RECORDS

The Board shall record all resolutions as soon as practical after their passage in a book of minutes kept for that purpose. The minutes will be authenticated by authorized signature of the presiding officer of the Board and will become public record.

8. EXECUTIVE SESSIONS

The Board may hold an executive session only at a regular or special meeting if two-thirds of the quorums present votes affirmatively to do so. The purpose of the executive session must be stated in general terms and it must be one of the following reasons:

- A. The purchase, acquisition, lease, transfer or sale of any real, personal or other property interest.
- B. Conferences with an attorney for the purpose of receiving legal advice on specific legal questions.
- C. Details of security arrangements or investigations.
- D. Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations, and instructing negotiators.
- E. Personnel matters, except if the employee who is the subject of the session has requested an open meeting.
- F. Matters required to be kept confidential by Federal or State law or rules and regulations.
- G. Consideration of any documents protected by the mandatory nondisclosure provisions of Part 2 of Article 72 of Title 24, Colorado Revised Statutes, commonly known as the "Open Records Act".

H. Other purposes allowed under current law.

Adoption of any proposed policy, position, resolution, rule, regulation or any other formal action shall not occur at any executive sessions.

9. WORK SESSIONS

The Board may hold work sessions from time to time, when necessary to discuss various subjects. Work sessions may be held to exchange information with the public, gather information on subjects too lengthy or too complex for a regular meeting, or for any other reason the Board desires. All work sessions shall be open to the public. No adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall occur at any work session. Work sessions require noticing and posting at least twenty-four hours prior in accordance with Paragraph 2 above.

10. CHAIRPERSON

The members of the Board shall elect, from one of their regular members, a person to serve as Chairperson. The term shall be for two years and the Chairperson may serve multiple terms if reelected. The Chairperson shall be the Chief Executive Officer of the Board and shall preside at all meetings of the Board. The Chairperson alone, or in the event of the Chairperson's absence or disability, the Vice-Chairperson, or in the event of the Vice-Chairperson's absence or disability, a temporary acting Chairperson may sign and execute in the name of the Board, any leases, contracts and other instruments duly authorized by the Board and generally, shall perform all duties incident to the office of Chairperson and such other duties as may from time to time be assigned by the Board. The signature of the Chairperson will not be sufficient to bind the Board unless such signature is first authorized by, and on behalf of said Board at a meeting held pursuant to lawful notice with a quorum present or unless said action is subsequently ratified by the Board.

11. VICE-CHAIRPERSON

The members of the Board shall elect from one of their regular members, a person to serve as Vice-Chairperson. The term shall be for two years and the Vice-Chairperson may serve multiple terms if reelected. At the request of the Chairperson or in the event of the Chairperson's absence or disability, the Vice-Chairperson shall perform such duties as may from time to time be assigned to him/her by the Board or Chairperson.

12. COMMITTEES

The Board may, by resolution, appoint from time to time from its members and/or members of the public, one or more committees to investigate, report and recommend to the Board on matters of interest to the Board or to accomplish any purpose or project or work assigned to it by the Board. Findings or actions of a Committee will not be sufficient to bind the Board and are advisory only.

13. COMPENSATION

Members of the Board and members of Committees shall serve without compensation for their services. Those members, however, shall be entitled to reimbursement for necessary and reasonable expenses incurred in the performance of their duties.

14. STAFF

The Board may employ managerial, clerical, legal, consulting and engineering assistance and labor and to delegate to such employees those powers conferred to it under Colorado Law subject to such conditions and restrictions as shall be fixed by the Board.

15. CONTRACTING

The Board may allow or reject claims and demands and let contracts on a fair and competitive basis for construction, equipment or performance of labor, material or supplies as required in carrying out any purpose of the Board. However, in cases where the amount to be authorized is ten thousand dollars (\$10,000.00) or more, the affirmative vote of a majority Board shall be required, and all other questions shall require the affirmative vote of not less than fifty percent of the TRAA Board. However, in cases where the amount involved is fifty thousand or more, the Board shall provide for the letting of contracts to the lowest responsible bidder after publication in the official newspaper of notices inviting bids, subject to the right of the Board to reject any or all proposals and to re-advertise for bids as provided herein.

16. REVENUES

All revenues from the ownership and operation of the airport and any other funds coming under possession of the Board shall be made by order of the Board in accordance with these Rules of Procedures.

17. BUDGET

The Staff shall prepare and the Board shall approve an operating and capital expenditure budget showing anticipated revenues and proposed expenditures on or before December 31 of each year for the succeeding calendar year. The operating budget will include all non-capital expenditures. Both budgets may be amended at any time by the Board subject to the same restrictions.

18. INSURANCE

The Board may obtain insurance on any person who is or was a Board member, Committee member or employee against any liability arising out of their status as such, whether or not the Board would have power to indemnify them against such liability.

19. INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES

Directors, officers and employees of TRAA shall be indemnified and held harmless, in the event that any such person is a party, or is threatened to be made a party, to any threatened, pending, or completed legal action, lawsuit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of TRAA) by reason of the fact that that person is or was a director, officer or employee of TRAA, against expenses (including reasonable attorneys' fees and costs), judgments, fines, and amounts paid in settlement actually and reasonably incurred by that person in connection with such legal action, lawsuit, or proceeding if that person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of TRAA, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment or settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of TRAA, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Provided, however, that no indemnification pursuant to this paragraph shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of that person's duty or obligation to TRAA, unless and only to the extent that the court in which such legal action, lawsuit or proceeding was brought shall determine upon application that despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper. The indemnification provided by this paragraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any contract or agreement, and shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors, and administrators of such person.

20. APPROVAL

Upon approval of the TRAA Board, these Bylaws and Rules of Procedures shall become effective November 21, 2013, and will replace the Bylaws and Rules of Procedures of the Telluride Regional Airport Authority presently operative for TRAA, and any and all previous TRAA Bylaws and Rules of Procedures. If any paragraph or part of these Rules of Procedures shall become invalid or void, the remainder shall not be affected thereby.