

BRECKENRIDGE MUSIC FESTIVAL

GOVERNANCE PRINCIPLES

Breckenridge Music Festival, Inc. (“BMF”) takes seriously its responsibility to its constituents and has established a leadership position in Breckenridge and Summit County, Colorado. It has set standards of excellence for itself, including the importance of continuing its legacy. The Board of Directors (“Board”) believes it can best fulfill its responsibility to uphold the organization’s vision, purpose and values by following a set of principles for the Board.

Accordingly, the following principles have been approved by the Nominating and Governance Committee of the Board which, along with the committee charters, provide the framework for the governance of BMF. BMF will review these principles and other aspects of our governance annually or more often as determined by the Board.

Role of Board and Management

The services provided by BMF are under the direction of the Executive Director. The Board provides oversight to assure BMF continues to meet or exceed its standards of excellence, consistent with its long term objectives and interests of our stakeholders.

Functions of Board

In addition to an annual meeting in September of each year, there shall be regular meetings of the Board, which will be held at least four times a year, at such times and places as determined by the Board, at which it reviews and discusses reports by management on the performance of BMF, its plans and prospects, as well as issues facing the organization. Directors are expected to attend all scheduled Board meetings, their committee meetings and the annual meeting. In addition to its general oversight of management, the Board also performs a number of specific functions, including:

- a. selecting and evaluating the Executive Director;
- b. determining the compensation of the Executive Director
- c. in connection with the Nominating and Governance Committee, overseeing Executive Director succession planning;
- d. providing counsel and oversight on the selection, evaluation, development and compensation of other members of the staff;

- e. reviewing, approving and monitoring BMF's strategy, financial performance and major actions;
- f. assessing major risks facing BMF, reviewing options for their mitigation and
- g. ensuring processes are in place for maintaining the integrity of the organization, including compliance with laws and ethics and the integrity of relationships with guests and other stakeholders.

Qualifications

Directors should possess the highest personal ethics, integrity and values and be committed to BMF's vision, purpose and values. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. We also believe that the composition of the Board should reflect sensitivity to the need for diversity with respect to gender, race and ethnicity, representative of the community, in the composition of the Board.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Directors must be willing to resign from the Board in the event of any significant change in their personal circumstances which precludes them from devoting the requisite time.

The Board does not believe that arbitrary term limits on directors' service are appropriate, nor does it believe that directors should expect to be routinely re-nominated. The Board self-evaluation process described below will be an important determinant for Board tenure. The Board also has not adopted an arbitrary mandatory retirement age.

Size of Board and Selection Process

The Board consists of a minimum of ten (10) voting directors. The number of directors may be fixed or changed from time to time within the range by the voting members of the Board. In addition to the voting directors, the Board shall include the Executive Director as a non-voting member of the Board with the same power and authority as voting directors other than the right to vote. The Nominating and Governance Committee nominates candidates to the Board for the Board's approval. The exact number of directors shall be determined from time to time by resolution of the Board.

Between annual shareholder meetings, the Board may elect directors to serve until the next annual meeting.

Board Committees

The Board has established the following committees to assist the Board in discharging its responsibilities: (i) Executive, (ii) Nominating and Governance, (iii) Applause!, (iv) Finance, (v) Marketing and (vi) Development, each of which operates according to a charter. The committee chairs report the highlights of their meetings to the full Board following each meeting of the respective committees. The committees will occasionally hold meetings in conjunction with the full Board.

Self-Evaluation

The Board and each of the committees will perform an annual self-evaluation. Each year, the directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve. These individual assessments will be provided to and analyzed by the Nominating and Governance Committee.

Setting Board Agenda

The Board shall be responsible for its agenda. Prior to each Board meeting, the Executive Director will discuss the specific agenda items for the meeting with the Chairperson of the Board (“Chairperson”). The Executive Director and Chairperson, or committee chair as appropriate, shall determine the nature and extent of information that will be provided regularly to the directors before each scheduled Board or committee meeting. Directors may make suggestions for agenda items, or additional pre-meeting materials, to the Executive Director, Chairperson or appropriate committee chair at any time.

Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow directors time to prepare for discussion of the items at the meeting. Directors are expected to have reviewed, prior to the meetings, all written materials distributed to them in advance.

Ethics and Conflicts of Interest

The Board, Executive Director and staff are expected to act ethically at all times.

BMF has a conflicts of interest policy adopted by the Board. If, pursuant to this policy, an actual or potential conflict of interest arises for a director, the director shall promptly inform the Executive Director and the Chairperson. If a significant conflict exists and cannot be resolved, the director shall resign, unless otherwise determined by the Board. The Board shall resolve any conflict of interest question involving the Executive Director and the Executive Director shall resolve any conflict of interest issue involving any staff person.

Succession Plan

The Board shall approve and maintain a succession plan for the Executive Director and senior staff based upon recommendations from the Nominating and Governance Committee.

Annual Review of Executive Director

The Board shall annually approve the goals and objectives for the Executive Director. The Board shall also annually review the performance of the Executive Director and staff and shall approve any changes in their compensation.

Access to Independent Advisors

The Board and its committees shall have the right at any time to retain independent outside financial, legal or other advisors.

Director Orientation

The Nominating and Governance Committee shall be responsible for providing an orientation for new directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties.