

AGREEMENT: COUNTY/TELSKI AREA EXPANSION APPROVAL AGREEMENT

EFFECTIVE DATE: August 26, 1999

PARTIES: Telski, Town of Mountain Village, MVOA and San Miguel County

PURPOSE: Settlement of issues surrounding San Miguel County's administrative appeal of the ski area expansion.

FEN OVERSIGHT COMMITTEE: Created a Fen Oversight Committee which is responsible for providing oversight and monitoring of ski area expansion-related activities adjacent to or above any fens that exist in the ski area expansion area. The Oversight Committee shall terminate three years after the construction of the ski trails has been completed.

WATER QUALITY: Restricts use of fertilizer to any land located within Prospect Basin area without the express written consent of the Oversight Committee.

WETLANDS REGULATIONS: Acknowledged that the only wetlands rules and regulations affecting the ski area expansion area shall be those applicable rules and regulations promulgated by the EPA, the Army Corp and the Forest Service. San Miguel County rules or regulations regarding wetlands shall not apply.

PARKING LOTS: Town of Mountain Village shall fund 1/3 of the costs associated with the County's construction of public park and ride facilities located or to be located in or near Placerville, Norwood, Ridgway, Rico, Lawson Hill and/or either Ophir, San Bernardo or Trout Lake. It is intended that the sites be acquired and constructed by 2025.

VAN POOL SERVICE FOR EMPLOYEES: Telski shall fund all costs associated with the operation of a van pool service, providing transportation to and from work for its employees residing outside the Towns of Telluride and Mountain Village during the Forest Service permitted ski season.

INCREASED GONDOLA PASSENGER CARRYING CAPACITY: MVOA agree to increase the capacity of the gondola by 55% over the ski year period beginning in 2001, with a goal of reaching maximum capacity by 2010. Requires that MVOA provide ridership numbers that substantiate the increase. MVOA shall cause funds to be appropriated to purchase at least seven cabins every other year beginning in 2001 for six years for a total of 21 cabins. In any event, 21 cabins are to be added to the system by 2010. The remaining 22 cabins to reach full capacity will be purchased as demand warrants, which determination will be made by MVOA.

INCREASED CHONDOLA PASSENGER CARRYING CAPACITY: MVOA agrees to increase the capacity of the Chondola by 50% over six years beginning in 2001

with a goal of reaching maximum capacity by 2010. Beginning in 2001, MVOA will cause to be appropriated funds sufficient to purchase three cabins during the initial six year period. The remaining three cabins will be purchased as demand warrants, which determination will be made by MVOA.

AFFORDABLE HOUSING: Town, MVOA and County commit to proceeding with the process of financing and construction of at least sixty units of affordable rental housing to be located on the Village Court Apartment Complex parcels with the goal of completion of construction of all sixty units by 2010.