

AGREEMENT: GONDOLA OPERATING AGREEMENT

DATE: July 28, 1999

PARTIES: Telski, MVOA, Telluride Gondola Transit Company (TGTC), Metro District, Town of Mountain Village and San Miguel County

DURATION: December 31, 2027

PURPOSE: To provide an agreement for the operation of the gondola in connection with the settlement of the lawsuit between San Miguel County and the Town of Mountain Village.

TOWN: As a result of the dissolution of TGTC and the District, the TOWN now is required to do the following:

Paragraph 2: Basically, in a nutshell to operate and maintain the gondola including:

- (1) Hiring and supervising personnel;
- (2) Upkeeping the gondola in compliance with all statutes, regulations and orders;
- (3) Increase the capacity of the gondola facilities as necessary to meet demand;
- (4) Maintain a tally of ridership;
- (5) Operate the gondola as a free transportation service at a scheduled minimum of 16 hours per day for a number of days such that the gondola operates a total of not less than 4,400 scheduled hours per calendar year, which is equivalent to 16 hours per day times 275 days per calendar year. All consecutive hours of operation in excess of sixteen shall be counted at one and one-half times actual; and,
- (6) The use of shuttle vans or buses during periods of gondola shutdown due to emergencies, adverse weather conditions, repairs or power outages is allowed. The gondola operation may elect to run shuttle vans or buses for the MV Station to MV Parking leg of the gondola during hours when the ski area is not operating.

STANDARD OF OPERATION: The Town shall exercise the care, skill and diligence as would be exercised by a prudent person engaged in the ownership, operation and maintenance of a gondola transportation system. Operate and maintain the gondola in good condition and repair and in accordance with applicable law and any operating schedule that may be in place from time to time.

MVOA:

- (1) Pay the Town sufficient funds necessary to fund the operation and maintenance of the Gondola as a free public transportation system for a scheduled minimum of 16 hours per day for not less than 4,400 scheduled hours per calendar year;
- (2) Pledged RETA to the lender on the 1995 Bonds and RETA shall be deposited with the 1995 Bonds Trustee on a monthly basis for the payment of the debt service on the 1995 Bonds and operations; and
- (3) If at any time during the term of the Agreement MVOA has insufficient revenues whether from RETA or other revenue sources to fund the operation and maintenance of the Gondola as a free public transportation system for the minimum number of required hours, MVOA shall levy a special assessment in an amount necessary to funds its obligations.

TELSKI:

- (1) Pay on a monthly basis an amount equal to one percent (1%) of all gross revenues from the sale of ski lift tickets for the immediately preceding month.