

10/20/2017

DISTRICT COURT, SAN MIGUEL COUNTY, STATE OF COLORADO

Case No. 97 CV 133

SETTLEMENT STIPULATION AND MOTION FOR JOINDER OF PARTIES, FOR APPROVAL OF SETTLEMENT STIPULATION, FOR DISMISSAL OF CLAIMS WITH PREJUDICE, AND FOR RETENTION OF JURISDICTION TO ENFORCE SETTLEMENT STIPULATION

BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF SAN MIGUEL, STATE OF COLORADO & SAN MIGUEL COUNTY HOUSING AUTHORITY,

Plaintiffs,

v.:-

TOWN OF MOUNTAIN VILLAGE, COLORADO; THE TELLURIDE COMPANY; TELLURIDE SKI & GOLF COMPANY; TELLURIDE MOUNTAIN VILLAGE RESORT COMPANY, INC., dba MOUNTAIN VILLAGE METROPOLITAN SERVICES, INC.; TELLURIDE GONDOLA TRANSIT COMPANY; and MOUNTAIN VILLAGE METROPOLITAN DISTRICT,

Defendants.

The San Miguel County Board of County Commissioners, a body corporate and politic, and the San Miguel County Housing Authority (collectively, the "County"), the Town of Mountain Village, a Colorado home rule municipality ("Town"), The Telluride Company ("Telco"), Telluride Ski & Golf Company, a Colorado limited liability limited partnership ("Telski"), Telluride Mountain Village Resort Company, Inc., a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. ("Metro Services"), Telluride Gondola Transit Company, a Colorado non-profit corporation ("TGTC"), and Mountain Village Metropolitan District, a quasi-municipal corporation ("Metro District") hereby jointly stipulate to settlement of this action on the following terms and conditions and request that the Court enter the proposed Stipulated Settlement Order filed herewith granting the joinder of Metro Services, Metro District, Telski, and TGTC; approving this Settlement Stipulation and Motion for Joinder of Parties, for Approval of Settlement Stipulation, for Dismissal of Action with Prejudice, and for Retention of Jurisdiction to Enforce Settlement Stipulation ("Stipulation"); and retaining jurisdiction to enforce the Parties settlement agreement, all as set forth below.

1. All references herein to the "Parties" shall include the County, the Town, Telco, Telski, Metro Services, TGTC, and Metro District.
2. The Parties stipulate to the joinder of Telski, Metro Services, TGTC and Metro District in this action.

3. The Parties stipulate to settlement of this action upon the terms and conditions contained in this Stipulation, the Stipulated Settlement Order filed herewith, and the Exhibits to the Stipulated Settlement Order.

4. The Parties Stipulate to the releases and reservations of claims and to the dismissal of claims with prejudice, as provided in the Stipulated Settlement Order.

5. Denial of Liability. The Parties agree that this Stipulation represents a compromise of disputed and doubtful claims and that nothing herein is to be construed as an admission of liability on the part of any party, all of whom expressly deny liability for the claims asserted in this action. The Parties stipulate that the provisions of this Stipulation and the Stipulated Settlement Order represent a fair and equitable resolution of the claims of the Parties.

6. Continuing Jurisdiction. The Parties stipulate the Court shall retain jurisdiction over the Parties and the subject matter of this action for the purpose of giving effect to this Stipulation, the Stipulated Settlement Order and all Exhibits thereto, and for awarding relief for the violation thereof through any of the Court's legal or equitable powers including, without limitation, its powers under Colo. R. Civ. P. 65 and 107. The Parties stipulate that the Stipulated Settlement Order shall be final and non-appealable. The provisions of this Stipulation and the Stipulated Settlement Order shall not be construed as a limitation of any remedies for breach or violation of the provisions of this Stipulation, the Stipulated Settlement Order, or the Exhibits thereto, which may otherwise be available at law or in equity to any party.

7. Failure of Court to Enter Requested Orders. In the event that by August 31, 1999, the Court has failed or refused to enter the Stipulated Settlement Order, the Parties covenant, each to the other, to negotiate in good faith an alternate means of enforcement of this Stipulation intended to secure, to the greatest extent practicable, the rights of the parties as described herein. In the event that the Parties cannot agree on an alternate method of enforcement, they agree to participate in good faith in further settlement conferences with Judge J. Steven Patrick of the Gunnison County District Court, or another mutually-agreed-upon settlement judge or arbitrator, to resolve any disputes regarding the manner in which this Stipulation may be enforced. The obligations of this paragraph will, in any event, expire on November 16, 1999.

8. Execution. Contemporaneously with the execution of this Stipulation, the parties shall execute the Escrow Agreement attached hereto as **Exhibit 1**, shall execute and cause to be executed as necessary, each of the Exhibits to the Stipulated Settlement Agreement and shall deposit with the escrow agent the documents specified in the Escrow Agreement.

9. Attorneys' Fees. Each party shall bear its own costs and attorneys' fees in connection with the Lawsuit and this Stipulation, *provided*, however, that in any action for breach of or to enforce this Stipulation, the Stipulated Settlement Order or any Exhibits thereto, the prevailing party shall recover its reasonable costs and reasonable attorneys' fees from the losing party in an amount determined by the Court.

10. Integration. This Stipulation, the Stipulated Settlement Order, and the Exhibits to the Stipulated Settlement Order constitute the entire agreement of the Parties and a complete settlement of all claims asserted in this action and of all prior negotiations and agreements concerning the settlement of this action. This Stipulation shall not be modified except in writing

signed by all of the Parties hereto, except that if a party fails or refuses, within thirty days after being presented with a proposed Amendment, to sign an amendment that does not affect the rights or obligations of the non-signing party, the signing parties may file a motion with the Court seeking an Order that such Amendment shall be effective as between the signing parties, upon a finding by the Court that it does not affect the rights or obligations of the non-signing parties.

11. Authority. The Parties represent and warrant, each to the other, that the individuals executing this Stipulation for a Party have authority to do so; that all required authorizations and approvals for a Party to enter into this Stipulation, the Stipulated Settlement Order and the Exhibits have been duly and lawfully given, that such individuals and the Parties have reviewed the terms of this Stipulation, the Stipulated Settlement Order and the Exhibits thereto, that they have had the opportunity to consult legal counsel, or have consulted legal counsel, as to the meaning and legal effect of this Stipulation; that this Stipulation, the Stipulated Settlement Order and the Exhibits thereto, contain the entire agreement among the Parties, which may not be modified, amended, or terminated except by written agreement signed by the Parties specifically referring to this Stipulation; and that the Party intends for this Stipulation, the Stipulated Settlement Order and all Exhibits thereto to be enforced according to their terms.

12. Miscellaneous Provisions.

(a) *Binding Effect*. This Stipulation shall bind and benefit, according to its terms, each of the Parties and their respective agents, legal representatives, officers, directors, employees, shareholders, successors, heirs, and assigns, if any.

(b) *Governing Law*. This Stipulation shall be governed by the laws of the State of Colorado.

(c) *Severability*. In the event that a court of competent jurisdiction enters a final judgment holding invalid any provision of this Stipulation, the remainder of this Stipulation shall be fully enforceable.

(d) *Counterparts*. This Stipulation may be executed in counterparts, all of which together shall constitute one and the same Stipulation.

(e) *Nonreliance*. The Parties expressly assume any and all risk that the facts and law may be or become different from the facts and law as known to, or believed to be, by the Parties as of the date of this Stipulation.

(f) *Further Acts*. The Parties covenant, each to the other, that they will execute such further documents and take such other acts as may be required to carry out the purposes and intent of this Stipulation including, without limitation, by repealing any resolutions, ordinances or other legislative or regulatory acts which are inconsistent with the terms of the Stipulation.

(g) *Third Party Beneficiaries*. There are no third party beneficiaries to this Stipulation, and nothing contained herein shall in any way be construed to give any rights to any person or entity not a party to this Stipulation.

(h) *Rule Against Perpetuities.* To the extent that any provision of this Stipulation, the Stipulated Settlement Order or the Exhibits thereto shall be held to violate or contravene the rule of law commonly known as the Rule Against Perpetuities, such provision shall be stricken and the remainder of such document shall be fully enforceable.

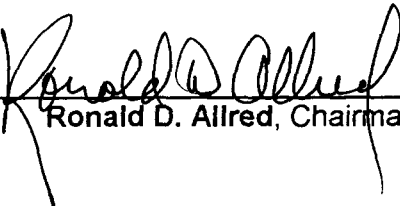
13. Incorporation By Reference. The terms and provisions of the Stipulated Settlement Order and of each Exhibit thereto are hereby incorporated into this Stipulation by reference.

14. Effective Date. This Stipulation shall become effective as the settlement agreement of the parties only upon such date as (i) Metro Services, Metro District, Telski, and TGTC have been added as parties to this action, and (ii) the Court has entered the Stipulated Settlement Order. Each of the Exhibits to the Stipulated Settlement Order shall become effective only upon the date the Court enters the Stipulated Settlement Order. If the Court does not enter the Stipulated Settlement Order by August 31, 1999, then this Stipulation, the Stipulated Settlement Order and all Exhibits thereto, shall be null and void and of no effect from their inception, except for paragraph 7 hereof, which shall remain binding on the Parties.

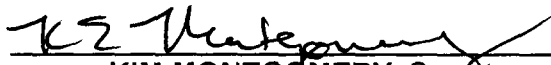
WHEREFORE, the Parties have stipulated and agreed to this Stipulation, this 21st day of July, 1999, and have tendered this Stipulation to the Court and request the Court approve this Stipulation, grant the requested joinder of parties, and enter the Stipulated Settlement Order as an Order of the Court.

TELLURIDE SKI & GOLF COMPANY, LLLP, a Colorado limited liability limited partnership

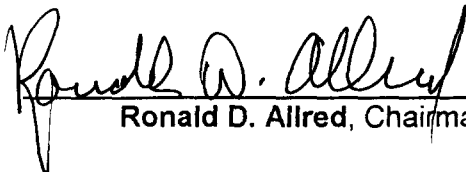
BY: THE MOUNTAIN VILLAGE, INC., a Colorado corporation, a general partner

By: 
Ronald D. Allred, Chairman

ATTEST:


KIM MONTGOMERY, Secretary


THE TELLURIDE COMPANY, a Colorado Corporation

BY: 
Ronald D. Allred, Chairman

ATTEST:


KIM MONTGOMERY, Secretary

**TELLURIDE MOUNTAIN VILLAGE RESORT COMPANY,
INC., a Colorado non-profit corporation, d.b.a. MOUNTAIN
VILLAGE METROPOLITAN SERVICES, INC.**

By: 


A. J. Wells, President

ATTEST:



RUTHANN K. RUSSELL, Secretary

**TELLURIDE GONDOLA TRANSIT
COMPANY**, a Colorado non-profit
corporation

By: 

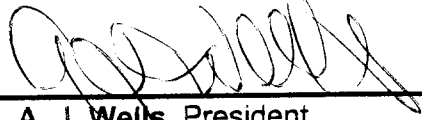
A. J. Wells, President


ATTEST:



ISAAC B. SHISLER, Secretary

**MOUNTAIN VILLAGE METROPOLITAN DISTRICT, a
quasi-municipal corporation**

By: 
A. J. Wells, President

ATTEST:

DAVID C. FLATT, Secretary



TOWN OF MOUNTAIN VILLAGE, COLORADO, a
Colorado home rule municipality

By 
WILLIAM A. HANLEY, III, Mayor

ATTEST:

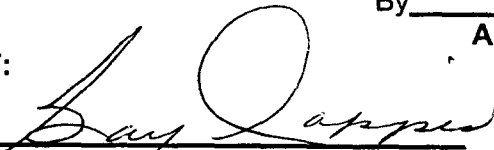
LINDA L. CHECK, Town Clerk



**BOARD OF COUNTY COMMISSIONERS OF SAN
MIGUEL COUNTY, COLORADO**

By 
ART GOODTIMES, Chairman


ATTEST:


GAY CAPPIS, County Clerk and Recorder

SAN MIGUEL COUNTY HOUSING AUTHORITY

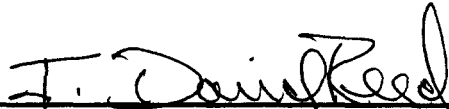
By 
ART GOODTIMES, Chairman

ATTEST:


GAY CAPPIS, County Clerk and Recorder

**SIGNING AS ATTORNEY FOR MOUNTAIN VILLAGE
METROPOLITAN SERVICES, INC., TELLURIDE GONDOLA
TRANSIT COMPANY, MOUNTAIN VILLAGE METROPOLITAN
DISTRICT AND TOWN OF MOUNTAIN VILLAGE, COLORADO**

J. DAVID REED, P.C.

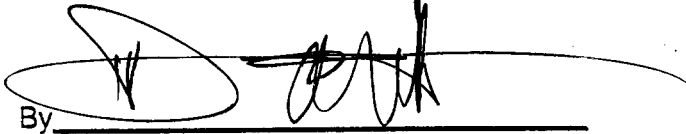
By  _____

J. David Reed, Reg. No. 9491
1047 South First Street
P. O. Box 196
Montrose, CO 81402
Phone: (970) 249-3806
Fax: (970) 249-9661

101 E. Colorado Avenue, #203
P. O. Box 2470
Telluride, CO 81435
Phone: (970) 728-4944
Fax: (970) 728-3474

**SIGNING AS ATTORNEY FOR THE TOWN OF MOUNTAIN
VILLAGE, COLORADO**


WILLIAMS, YOULE & KOENIGS, P.C.

A handwritten signature in black ink, appearing to read "Dennis J. Herman", is written over a horizontal line. The signature is stylized and somewhat cursive.

By

Dennis J. Herman, Reg. No. 21875
Attorney for the Town of Mountain Village
950 Seventeenth Street, Suite 2450
Denver, CO 80202
Phone: (303) 572-6700
Fax: (303) 572-6748

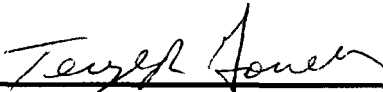
**SIGNING AS ATTORNEYS FOR SAN MIGUEL COUNTY AND
SAN MIGUEL HOUSING AUTHORITY**

By 

Steven J. Zwick, Reg. No. 8556
Attorney for San Miguel County
P. O. Box 791
Telluride, CO 81435
Phone: (970) 728-3879
Fax: (970) 728-3718

**SIGNING AS ATTORNEYS FOR SAN MIGUEL COUNTY
AND SAN MIGUEL HOUSING AUTHORITY**

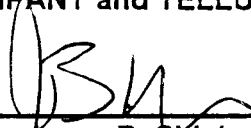
MOYE, GILES, O'KEEFE, VERMEIRE & GORRELL

By 

Teryl R. Gorrell, Reg. No. 8989
Attorney for San Miguel County
1225 17th Street, 29th Floor
Denver, CO 80202
Phone: (303) 292-2900
Fax: (303) 292-4510

**SIGNING AS ATTORNEY FOR THE TELLURIDE
COMPANY and TELLURIDE SKI & GOLF COMPANY**

By



Isaac B. Shisler, Reg. No. 24790

Attorney for The Telluride Company, The Telluride
Ski & Golf Company and The Mountain Village, Inc.

565 Mountain Village Boulevard

Telluride, CO 81435

Phone: (970) 728-7340

Fax: (970) 728-7368

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**EXHIBIT J
TELLURIDE MOUNTAIN TITLE COMPANY
ESCROW AGREEMENT**

DATE: _____

ESCROW NUMBER: _____

TO: Telluride Mountain Title
335 W. Colorado Ave., P.O. Box 1440
Telluride, CO 81435

RE: Telluride Mountain Village PUD

The undersigned deposit with Telluride Mountain Title Company as Escrow Agent, the items set forth in Schedule A, to be held by said Escrow Agent subject to the terms hereof and the General Provisions set forth in Exhibit A attached hereto and made a part of this document.

In consideration of the acceptance of this escrow agreement, the undersigned agree, jointly and severally, for themselves, their heirs, executors, administrators, successors and assigns, to pay the Escrow Agent it's charges hereunder and to indemnify and hold it harmless as to any liability by it incurred to any other person or corporation by reason of it's having accepted the same, or in connection herewith, and to reimburse it for all it's expenses, including, among other things, counsel fees and court costs incurred in connection herewith. Escrow Fees or charges, as distinguished from other expenses, hereunder shall be as written above the Escrow Agent's Signature at the time of it's acceptance hereof.

If the deposits hereunder are not withdrawn before November 16, 1999, the Escrow Agent shall deliver the same as stated in Schedule B, at the address stated below and thereupon be relieved of all liability hereunder.

DEPOSITS

See Schedule A, which is incorporated herein by referenced.

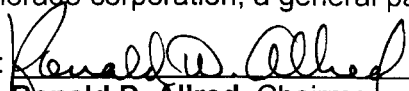
DEPOSIT INSTRUCTIONS

See Schedule B, which is incorporated herein by referenced.

IN WITNESS WHEREOF, the undersigned have hereunto affixed their signatures and hereby adopt as part of this instrument Schedules A and B hereto attached, together with the General Provisions attached as Exhibit A.

TELLURIDE SKI & GOLF COMPANY, a Colorado
limited liability limited partnership

By: **THE MOUNTAIN VILLAGE, INC.**, a
Colorado corporation, a general partner

By: 

Ronald D. Allred, Chairman

c/o Isaac B. Shisler, Attorney for Telluride Ski &
Golf Company
565 Mountain Village Boulevard
Telluride, CO 81435

**TELLURIDE MOUNTAIN VILLAGE RESORT
COMPANY, INC.**, a Colorado non-profit
corporation, d.b.a. **MOUNTAIN VILLAGE
METROPOLITAN SERVICES, INC.**

By: _____

A. J. Wells, President

c/o J. David Reed, Attorney for Telluride Mountain
Village Resort Company, Inc.
101 E. Colorado Ave., #203
P.O. Box 2470
Telluride, CO 81435

TELLURIDE GONDOLA TRANSIT COMPANY, a
Colorado non-profit
corporation.

By: _____


A. J. Wells, President

c/o J. David Reed, Attorney for Telluride Mountain
Village Resort Company, Inc.
101 E. Colorado Ave., #203
P.O. Box 2470
Telluride, CO 81435

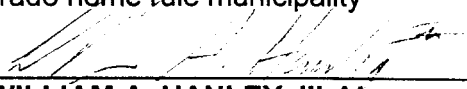
**MOUNTAIN VILLAGE METROPOLITAN
DISTRICT**, a quasimunicipal corporation

By: _____


A.J. Wells, President

c/o J. David Reed, Attorney for Telluride Mountain
Village Resort Company, Inc.
101 E. Colorado Ave., #203
P.O. Box 2470
Telluride, CO 81435

TOWN OF MOUNTAIN VILLAGE, COLORADO, a
Colorado home rule municipality

By: 

WILLIAM A. HANLEY, III, Mayor

c/o Dennis J. Herman, Attorney for Town of
Mountain Village, Colorado
950 17th Street, Suite 2450
Denver, CO 80202

**BOARD OF COUNTY COMMISSIONERS OF SAN
MIGUEL COUNTY, COLORADO**

By: 

ART GOODTIMES, Chairman

c/o Steven J. Zwick, San Miguel County Attorney
333 West Colorado, Suite 303
P.O. Box 791
Telluride, CO 81435

SAN MIGUEL COUNTY HOUSING AUTHORITY

By: 

ART GOODTIMES, Chairman

c/o Steven J. Zwick, San Miguel County Attorney
333 West Colorado, Suite 303
P.O. Box 791
Telluride, CO 81435

Escrow fees to be described as follows:

- a.) Setting up fee \$ _____
- b.) Annual fee \$ _____
- c.) Miscellaneous \$ _____

Accepted: _____, 1999:

Telluride Mountain Title Company

By: _____

Escrow Officer

**TELLURIDE MOUNTAIN TITLE COMPANY
ESCROW AGREEMENT EXHIBIT A
GENERAL PROVISIONS**

DATE: _____ **ESCROW NUMBER:** _____

1. The instructions may be supplemented, amended, or revoked by writing only, signed by all of the parties hereto, and approved by the Escrow Agent, upon payment of all fees, costs and expenses incident thereto.
2. No assignment, transfer, conveyance, or hypothecation of any rights, title, or interest in and to the subject matter of this escrow shall be binding upon the Escrow Agent unless written notice thereof shall be served upon the Escrow Agent via Certified Mail and all fees, costs and expenses incident thereto shall have been paid and then only upon the Escrow Agent's assent thereto in writing.
3. Any notice required or desired to be given by the Escrow Agent to any party to this Escrow may be given by mailing the same addressed to such party at the address given below the signature of such party or the most recent address of such party shown on the records of the Escrow Agent, via Certified Mail and notice so mailed shall for all purposes hereof be as effectual as though served upon the party in person at the time of depositing such notice in the mail.
4. The Escrow Agent shall not be personally liable for any act it may do or omit to do hereunder as such agent, while acting in good faith and in the exercise of its own judgment.
5. The Escrow Agent is hereby expressly authorized to disregard any and all notices or warnings given by any of the parties hereto, or by any other person, firm, or corporation, excepting joint instructions signed by all of the parties or their legal counsel, and orders or process of court, and is hereby expressly authorized to comply with and obey any and all process, orders, judgments or decrees of any court, and in case the Escrow Agent obeys or complies with any such joint instructions or such process, order, judgment or decree of any court, it shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such joint instructions or such process, order, judgment or decree be subsequently reversed, modified, annulled, set aside or vacated, or found to have been issued or entered without jurisdiction.
6. In consideration of the acceptance of this escrow by the Escrow Agent, the undersigned agree, jointly and severally, for themselves, their heirs, legal representatives, successors and assigns, to pay the Escrow Agent its charges hereunder and to indemnify and hold it harmless as to any liability by it incurred to any other person, firm or corporation by reason of its having accepted the same, or its carrying out any of the terms thereof, and to reimburse it for all its

expenses, including among other things, counsel fees and court costs incurred in connection herewith.

7. The Escrow Agent shall be under no duty or obligation to ascertain the identity, authority or rights of the parties executing or delivering or purporting to execute or deliver these instructions or any document or papers or payments deposited or called for hereunder, and assumes no responsibility or liability for the validity or sufficiency of these instructions or any documents or papers or payments deposited or called for hereunder.
8. The Escrow Agent shall not be liable for the outlawing of any rights under either common law or any statute of limitations with respect to the Instructions or any documents or papers deposited.
9. In the event of any dispute between the parties hereto as to the facts of default, the validity or meaning of these instructions or any other fact or matter relating to the transaction between the parties, the Escrow Agent is instructed as follows:
 - a. That it shall be under no obligation to act, except under process or order of court, and shall sustain no liability for its failure to act pending such process or court order or indemnification.
 - b. That it may in its sole and absolute discretion, deposit the property described herein or so much thereof as remains in its hands with the Clerk of the District Court, State of Colorado under Case No. 97-CV-133 titled Board of County Commissioners of the County of San Miguel, et al. v. Town of Mountain Village, Colorado, et al., and the parties hereto for themselves, their heirs, legal representatives, successors and assigns do hereby submit themselves to the jurisdiction of said Court and do hereby appoint the Clerk of said Court as their Agent for the service of all process in connection with such proceedings. The deposit of such property shall not impair the rights of the Escrow Agent under paragraph number 6 herein.
10. The provisions of these instructions shall be binding upon the parties and upon the legal representatives, heirs, successors and assigns of the parties hereto.

TELLURIDE MOUNTAIN TITLE COMPANY
ESCROW AGREEMENT
SCHEDULE A

DATE: _____

ESCROW NUMBER: _____

ESCROW DEPOSIT

Nine originals of the following documents:

1. Settlement Stipulation and Motion for Joinder of Parties, for Approval of Settlement Stipulation, for Dismissal of Claims with Prejudice, and for Retention of Jurisdiction to Enforce Settlement Stipulation;
2. General Declaration Amendments/Supplements
3. First Amended and Restated Development Covenant for Lots 161A, 161A-1, 161B, 161D and Adjacent Active Open Space, Town of Mountain Village ("Ridgeline Covenant");
4. First Amended and Restated Gondola Operating Agreement;
5. Town of Mountain Village Employee Housing Restriction;
Exhibit F1, List of Properties
Exhibit F2, Original Housing Restrictions
6. Ordinance Clarifying the Official Town Plat, Town of Mountain Village, Colorado;
7. Eleventh Amendment to the General Declaration for the Telluride Mountain Village, San Miguel County, Colorado;
8. Twelfth Amendment to the General Declaration for the Telluride Mountain Village, San Miguel County, Colorado;
9. Resolution of the Town Council, Town of Mountain Village, Colorado, approving the Eleventh and Twelfth Amendments to the General Declaration;
10. Resolution of the Board of County Commissioners, San Miguel County, Colorado Concerning Approval of the Eleventh and Twelfth Amendments to the General Declaration.
11. Assignment from Telco to Metro Services of Telco's rights as Declarant under the General Declaration and Master Plan

**TELLURIDE MOUNTAIN TITLE COMPANY
ESCROW AGREEMENT
SCHEDULE B**

DATE: _____ **ESCROW NUMBER:** _____

ESCROW INSTRUCTIONS

Upon receipt of a certified copy of the Stipulated Settlement Order in the form attached hereto as Schedule B-1, Escrow Agent is instructed to do the following:

1. Record the Stipulated Settlement Order, followed by recording one set of each of the documents itemized in Schedule A, which are to be recorded in the order set forth in Schedule A.
2. Distribute the remaining eight sets of executed original documents itemized in Schedule A as follows:

A. One set of the documents to the San Miguel County Board of County Commissioners and the San Miguel County Housing Authority by delivering to:

Steven J. Zwick
333 West Colorado, Suite 303
Telluride, CO 81435

B. One set each of the documents to Mountain Village Metropolitan Services, Inc., Telluride Gondola Transit Company, Mountain Village Metropolitan District and Town of Mountain Village by delivering to:

J. David Reed
101 E. Colorado Avenue, #203
P.O. Box 2470
Telluride, CO 81435

C. One set each of the documents to The Telluride Company and Telluride Ski & Golf Company by delivery to:

Isaac B. Shisler
565 Mountain Village Boulevard
Mountain Village, CO 81435

3. If Escrow Agent does not receive a certified copy of the Stipulated Settlement Order by November 16, 1999, Escrow Agent is instructed to return original signature pages of each of the parties for the documents listed on Schedule A to the signing parties, in care of the following:
 - A. One set of the signature pages for all documents executed by or on behalf of the San Miguel County Board of County Commissioners and one set of the signature pages for all documents executed by or on behalf of the San Miguel County Housing Authority shall be returned to Steven J. Zwick at the address set forth above.
 - B. The signature pages for all documents executed by or on behalf of Mountain Village Metropolitan Services, Inc., Telluride Gondola Transit Company, Mountain Village Metropolitan District and Town of Mountain Village shall be returned to J. David Reed at the address set forth above.
 - C. The signature pages for all documents executed by or on behalf of The Telluride Company and Telluride Ski & Golf Company shall be returned to Isaac B. Shisler at the address set forth above.

DISTRICT COURT, SAN MIGUEL COUNTY, STATE OF COLORADO

Case No. 97 CV 133

STIPULATED SETTLEMENT ORDER

BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF SAN MIGUEL, STATE OF COLORADO & SAN MIGUEL COUNTY HOUSING AUTHORITY,

Plaintiffs,

v.

TOWN OF MOUNTAIN VILLAGE, COLORADO; THE TELLURIDE COMPANY; TELLURIDE SKI & GOLF COMPANY; TELLURIDE MOUNTAIN VILLAGE RESORT COMPANY, INC., dba MOUNTAIN VILLAGE METROPOLITAN SERVICES, INC.; TELLURIDE GONDOLA TRANSIT COMPANY; and MOUNTAIN VILLAGE METROPOLITAN DISTRICT,

Defendants.

THIS MATTER having come before the Court on the Settlement Stipulation and Motion for Joinder of Parties, for Approval of Settlement, for Dismissal of Claims With Prejudice and for Retention of Jurisdiction to Enforce Settlement Agreement ("Stipulation"), filed by the parties: The San Miguel County Board of County Commissioners, a body corporate and politic, and the San Miguel County Housing Authority (collectively, the "County"), the Town of Mountain Village, a Colorado home rule municipality ("Town"), The Telluride Company ("Telco"), Telluride Ski & Golf Company, a Colorado limited liability limited partnership ("Telski"), Telluride Mountain Village Resort Company, Inc., a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. ("Metro Services"), Telluride Gondola Transit Company, a Colorado non-profit corporation ("TGTC"), and Mountain Village Metropolitan District, a quasi-municipal corporation ("Metro District"), the Court having considered the same and the pleadings, and good cause appearing therefore,

THE COURT HEREBY FINDS:

A. The County is the plaintiff and the Town and Telco are the Defendants in Case No. 97-CV-133, now pending in the District Court, San Miguel County, Colorado (the "Lawsuit").

B. The Lawsuit arises from a controversy among the parties regarding which entity or entities has the right to enforce certain covenants, conditions, and restrictions contained in various documents executed at or around the time the Mountain Village Planned Unit Development was approved. As set forth in more detail in the pleadings filed in the Lawsuit, the County generally alleges that it has the right to enforce those covenants, conditions, and restrictions, while the Town alleges that the County's rights to do so passed to it upon incorporation.

C. As set forth in more detail in the pleadings filed in the Lawsuit, the issues of dispute between the parties include the following: (1) the conditions and restrictions to be attached to future operation of the Gondola between the Town of Telluride and the Town of Mountain Village; (2) the right to enforce the Ridgeline Covenant burdening certain tracts of real property which as of July 21, 1999 are platted as Lots 161A, 161A-1, 161B and 161D and Active Open Space Tract OSP-49 in the Town of Mountain Village, and the manner in which development on the ridgeline portions of the Ridgeline Properties may be regulated; (3) the right to enforce certain provisions of the Final Development Plan Approval for the Mountain Village Planned Unit Development, as amended (the "PUD Development Plan") and the General Declaration for the Telluride Mountain Village ("General Declaration"), as amended, including provisions relating to open space, density, air quality, and the amendment of the General Declaration; (4) conditions to be attached to future wetlands development in the Town, if any; (5) the right to enforce deed restrictions attached to certain properties located in the Town, requiring that they be used for affordable housing, and the restrictions applicable to the same; (6) the validity of certain Town Plats adopted by the Town Council subsequent to incorporation; and (7) the validity of an ordinance adopted by the Town with respect to the above issues.

D. In an effort to resolve their differences, and eliminate the need to spend additional public and private funds on the Lawsuit, the parties now wish to compromise and settle their claims upon the terms and conditions set forth in the Stipulation, this Stipulated Settlement Order ("Order"), and the Exhibits to this Order, without admitting liability, one to the other, for the claims or counterclaims asserted in the Lawsuit.

E. The settlement contemplated by the parties affects the rights of, and requires the joinder and consent of, Metro Services, TGTC, Telski and Metro District. Metro Services, Telski, TGTC, and Metro District have stipulated to be joined as parties to the Lawsuit for purposes of entering into and enforcing the obligations contained in this Order. Hereafter, any reference to the Parties shall include Metro Services, TGTC, Telski and Metro District. The Parties have stipulated and agreed to the settlement of all claims asserted in the Lawsuit upon the terms and conditions of the Stipulation, this Order and the Exhibits to this Order.

F. The Parties recognize and have stipulated to the inherent power of this Court to retain jurisdiction over the Parties and the subject matter of this Lawsuit for enforcement of their Stipulation and this Order, including the authority of the Court to enter injunctive orders if necessary. The Parties have stipulated to the Court's retention of jurisdiction over the Parties and the subject matter of this Lawsuit to give effect to their Stipulation and this Order notwithstanding the dismissal of all claims in this Lawsuit with prejudice.

H. The Court finds the provisions of the Stipulation and this Order represent a fair and equitable resolution of the claims of the Parties.

THEREFORE: IT IS HEREBY ORDERED:

1. Definitions.

(a) "Affordable Housing Deed Restriction" means the R-1 Housing Deed Restriction referenced in § 5-1305 of the San Miguel County Land Use Code in force at any time since the recording of the PUD Final Development Plan and General Declaration on December 28, 1981.

(b) "Development Covenant" means that certain Development Covenant entered into on January 18, 1993, between Telco and the County.

(c) "Employee Housing Restriction" means the Town of Mountain Village Employee Housing Restriction replacing and superseding San Miguel County R-1 Housing Deed Restriction dated September 8, 1997 and recorded September 8, 1997 at Book 586, Page 575 in the records of the Clerk and Recorder for the County.

(d) "General Declaration" means the General Declaration for the Telluride Mountain Village recorded March 9, 1984 at Book 409, Page 714 in the records of the Clerk and Recorder for the County, as subsequently amended and supplemented, which specific amendments and supplements are identified in **Exhibit A**, a copy of which is attached hereto and incorporated herein by reference.

(e) "Gondola" means the aerial gondola transportation facility connecting the Town of Telluride with the Telluride Ski Area and the Town of Mountain Village.

(f) "Mountain Village Planned Unit Development" means the real property encompassed within the PUD Final Development Plan and the PUD.

(g) "PUD" means the geographic area of the Mountain Village Planned Unit Development encompassed within the Zoning Map and Preliminary Plat-Master Plan, as approved by the San Miguel County Board of Commissioners on December 17, 1992 and recorded in the real estate records of the San Miguel County Clerk and Recorder's office at Reception No. 282099, Plat Book #2, Pages 1386-1397, on January 7, 1993.

(h) "PUD Final Development Plan" means the Final Development Plan Approval for the Mountain Village Planned Unit Development approved by the County on December 22, 1981 and recorded on December 28, 1981 at Book 397, Page 382 of the records of the Clerk and Recorder for the County, as amended, through December 13, 1990, by document recorded on January 11, 1991 at Book 474, Page 234, in the records of the Clerk and Recorder for the County, and as further amended through December 17, 1992 by document recorded on January 19, 1993 at Book 504, Page 788 in the records of the Clerk and Recorder for the County.

(i) "Ridgeline Covenant": means the First Amended and Restated Development Covenant attached hereto as **Exhibit B**.

(j) "Ridgeline Properties" means Lots 161A, 161A-1, 161B and 161D and Active Open Space Tract OSP-49, which are legally described as follows:

- (1) Lot 161A, Telluride Mountain Village, according to the final plat recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Plat Book 1 at Page 1375.
- (2) Lots 161B and 161D, Telluride Mountain Village, according to the final plat recorded in the office of the San Miguel County, Clerk and Recorder in Plat Book 1 at Page 1403.
- (3) Lots 161A-1, Telluride Mountain Village, according to the final plat recorded in the office of the San Miguel County, Clerk and Recorder in Plat Book 1 at Page 2193.
- (4) Active Open Space Tract OSP-49, according to the final plat as amended and recorded in the office of the San Miguel County, Clerk and Recorder in Plat Book 1 at Page 1403.

(k) "Town Council" shall mean the Town Council of the Town of Mountain Village.

2. Gondola. The First Amended and Restated Gondola Agreement attached hereto as **Exhibit C** has been executed by all Parties and placed in escrow pursuant the Stipulation and is incorporated herein by reference. It shall be effective as of the date of this Order.

3. Ridgeline Covenant. The Ridgeline Covenant in the form attached hereto as **Exhibit B** has been lawfully executed and placed in escrow pursuant to the Stipulation and is incorporated herein by reference. It shall be effective as of the date of this Order.

4. Eleventh and Twelfth Amendments to the General Declaration. The necessary Parties have lawfully executed the Eleventh and Twelfth Amendments to the General Declaration for the Telluride Mountain Village, attached hereto as **Exhibits D and E**, respectively. The Eleventh and Twelfth Amendments to the General Declaration are incorporated herein by reference and shall be effective as of the date of this Order.

5. Affordable Housing. The County has lawfully executed an Acknowledgment in the form attached hereto as **Exhibit F**. This Acknowledgment is incorporated herein by reference and shall be effective as of the date of this Order as to those Properties identified on **Exhibit F-1** attached hereto, which is incorporated herein by reference. The County waives the right to enforce the Affordable Housing Deed Restriction within the incorporated limits of the Town, as those limits may from time to time be changed through annexation or deannexation proceedings. The Town's Employee Housing Restriction has superseded the Affordable Housing Deed Restriction with respect to properties located within the Town limits. During the initial 50 year term of the Town's Employee Housing Restriction, the Town will maintain qualification and verification procedures for affordable housing eligibility that are not less stringent than those in place as of the date of this Order, a copy of which is attached hereto as **Exhibit F-2** and is incorporated herein by reference.

6. Wetlands. The County has been granted "referral status" by the U.S. Army Corps of Engineers with respect to any applications for development within the Town for which a Nationwide Permit or any other permit issued under section 404 of the Clean Water Act is required. The Town shall not seek withdrawal of, or otherwise object to, the County's referral status.

7. Plats. The Town has enacted an Ordinance clarifying the Official Town Plat in the form attached hereto as **Exhibit G**. This Ordinance is incorporated herein by reference and shall be effective as of the date of this Order.

8. PUD Development Plan. The provisions of the PUD Final Development Plan are no longer enforceable by the County under its constitutional police power or pursuant to the County's zoning, subdivision, and land use regulations. This Order, however, shall not affect any right of the County to enforce rights under the PUD Final Development Plan which the County may have as an owner of property within the PUD, nor shall this Order affect or impair any of the rights of the County under the General Declaration as amended in accordance with this Order, nor shall this Order affect or impair any rights or powers conferred upon the County by the Constitution, statutes or laws of the State of Colorado.

9. Releases. The parties shall and have granted the following releases, which are mutual in scope and effect.

(a) *By The County*. The County, on behalf of itself, its officers, and all related governmental entities, releases, waives, discharges, and forgives forever the Town, Telco, Telski, Metro Services, TGTC and Metro District, their respective affiliated entities, subsidiaries, successors, assigns, and their respective past and present directors, officers, agents, and employees, from any and all claims, demands, obligations, damages, and causes of action, of whatever nature, whether known or unknown, which the County, or any person or entity claiming under it, may now have or claim at a future time to have which were asserted or could have been asserted arising out of the facts and circumstances which are the subject of this Lawsuit.

(b) *By The Town*. The Town, on behalf of itself, its officers, and all related governmental entities, releases, waives, discharges, and forgives forever the County, its officers, and all related governmental entities, and its past and present directors, officers, agents, and employees, from any and all claims, demands, obligations, damages, and causes of action, of whatever nature, whether known or unknown, which the Town, or any person or entity claiming under it, may now have or claim at a future time to have which were asserted or could have been asserted arising out of the facts and circumstances which are the subject of this Lawsuit.

(c) *By Telco and Telski*. Telco has transferred substantially all of its assets to Telski. The rights and obligations of Telco under this Order have been assumed by Telski. Telco and Telski, on behalf of themselves, their officers, directors, agents and all their affiliated entities, subsidiaries, successors and assigns, release, waive, discharge, and forgive forever the County, its officers, and all related governmental entities, and their respective past and present directors, officers, agents, and employees, from any and all claims, demands, obligations, damages, and causes of action, of whatever

nature, whether known or unknown, which Telco or Telski, or any person or entity claiming under either of them, may now have or claim at a future time to have which were asserted or could have been asserted or arising out of the facts and circumstances which are the subject of this Lawsuit.

(d) *By Metro Services to County:* Metro Services, on behalf of itself, its officers, and all related governmental entities, releases, waives, discharges, and forgives forever the County, its officers, and all related governmental entities, and its past and present directors, officers, agents, and employees, from any and all claims, demands, obligations, damages, and causes of action, of whatever nature, whether known or unknown, which Metro Services, or any person or entity claiming under it, may now have or claim at a future time to have which were asserted or could have been asserted arising out of the facts and circumstances which are the subject of this Lawsuit.

(e) *By TGTC to County:* TGTC , on behalf of itself, its officers, and all related governmental entities, releases, waives, discharges, and forgives forever the County, its officers, and all related governmental entities, and its past and present directors, officers, agents, and employees, from any and all claims, demands, obligations, damages, and causes of action, of whatever nature, whether known or unknown, which TGTC, or any person or entity claiming under it, may now have or claim at a future time to have which were asserted or could have been asserted arising out of the facts and circumstances which are the subject of this Lawsuit.

(f) *By Metro District to County:* Metro District, on behalf of itself, its officers, and all related governmental entities, releases, waives, discharges, and forgives forever the County, its officers, and all related governmental entities, and its past and present directors, officers, agents, and employees, from any and all claims, demands, obligations, damages, and causes of action, of whatever nature, whether known or unknown, which Metro District, or any person or entity claiming under it, may now have or claim at a future time to have which were asserted or could have been asserted arising out of the facts and circumstances which are the subject of this Lawsuit.

(g) *Reservations.* Each of the Parties does not release, and each of the Parties expressly reserves, any claims, demands, obligations, damages or causes of action which do not relate to the subject matter of this Lawsuit so as to be precluded by the doctrines of *res judicata* or collateral estoppel or which were not required to be asserted in the Lawsuit as compulsory claims under Colo. R. Civ. P. 13. The releases provided herein shall not operate to relieve any party of rights and obligations under the Stipulation, this Order, or the Exhibits to this Order.

10. Denial of Liability. This Order is the consequence of a compromise of disputed and doubtful claims, and nothing herein is to be construed as an admission of liability on the part of any party, all of whom have expressly denied liability for the claims asserted in the Lawsuit.

11. Continuing Jurisdiction. The Court shall retain jurisdiction over the Parties and the subject matter of this Lawsuit for the purpose of giving effect to the Stipulation, this Order and the Exhibits hereto, through any of the Court's legal or equitable powers including, without limitation, its powers under Colo. R. Civ. P. 65 and 107. Pursuant to the Stipulation, this Order

shall be final and non-appealable. The provisions of the Stipulation and this Order shall not be construed as a limitation of any remedies for breach or violation of the provisions of this Order which may be available at law or in equity to any party.

12. Dismissal of Claims. The claims of all Parties in the Lawsuit are dismissed with prejudice.

13. Resolutions of Approval.

(a) On July 13, 1999, the Town Council, by Resolution No. 1999-0622-18 approved the Eleventh Amendment to the General Declaration and the Twelfth Amendment to the General Declaration, in the form attached hereto as **Exhibit H**, which is incorporated herein by reference. Town Council Resolution No. 1999-0622-18 shall be effective as of the date of this Order.

(b) On July 21, 1999, the Board of County Commissioners of the County, by Resolution No. 1999-26, approved the Eleventh Amendment to the General Declaration and the Twelfth Amendment to the General Declaration, in the form attached hereto as **Exhibit I**, which is incorporated herein by reference. County Resolution No. 1999-26 shall be effective as of the date of this Order.

14. Escrow. Within ten days of the entry of this Order, the Parties shall each instruct the Escrow Agent to record the Stipulation, this Order and each Exhibit to this Order, in accordance with the terms of the Escrow Agreement entered into by the Parties with Telluride Mountain Title Company on July _____, 1999, a copy of which is attached hereto as **Exhibit J** and is incorporated herein by reference.

15. Attorneys' Fees. Each of the Parties shall bear its own costs and attorneys' fees in connection with the Lawsuit, the Stipulation, this Order and each Exhibit to this Order, *provided*, however, that in any action seeking damages under or enforcement of the Stipulation, this Order and any Exhibits hereto, the prevailing party shall recover its reasonable costs and reasonable attorneys' fees from the losing party in an amount determined by the Court.

DATED this _____ day of _____, 1999.

District Court Judge

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EXHIBIT A

STIPULATED SETTLEMENT ORDER GENERAL DECLARATION AMENDMENTS/SUPPLEMENTS

- (1) Supplemented by Filing 6, recorded in the records of the Clerk and Recorder for the County on June 20, 1985, at Book 419, Page 593;
- (2) Amended by First Amendment, recorded in the records of the Clerk and Recorder for the County on June 20, 1985, at Book 419, Page 597;
- (3) Amended by Second Amendment, recorded in the records of the Clerk and Recorder for the County on May 1, 1986, at Book 426, Page 963;
- (4) Supplemented by Second Supplement, recorded in the records of the Clerk and Recorder for the County on March 3, 1987, at Book 434, Page 520;
- (5) Supplemented by Third Supplement, recorded in the records of the Clerk and Recorder for the County on September 1, 1987, at Book 438, Page 681;
- (6) Supplemented by Fourth Supplement, recorded in the records of the Clerk and Recorder for the County on September 1, 1987, at Book 438, Page 702;
- (7) Supplemented by Fifth Supplement, recorded in the records of the Clerk and Recorder for the County on October 30, 1987, at Book 439, Page 982;
- (8) Supplemented by Sixth Supplement, recorded in the records of the Clerk and Recorder for the County on January 15, 1988, at Book 441, Page 677;
- (9) Supplemented by Seventh Supplement, recorded in the records of the Clerk and Recorder for the County on February 3, 1988, at Book 441, Page 980;
- (10) Supplemented by Eighth Supplement, recorded in the records of the Clerk and Recorder for the County on February 19, 1988, at Book 442, Page 269;
- (11) Amended by Third Amendment, recorded in the records of the Clerk and Recorder for the County on July 20, 1988, at Book 445, Page 522;
- (12) Supplemented by Ninth Supplement, recorded in the records of the Clerk and Recorder for the County on August 3, 1988, at Book 445, Page 769;
- (13) Supplemented by Tenth Supplement, recorded in the records of the Clerk and Recorder for the County on September 6, 1988, at Book 446, Page 804;
- (14) Supplemented by Eleventh Supplement, recorded in the records of the Clerk and Recorder for the County on October 24, 1988, at Book 447, Page 942;
- (15) Supplemented by Twelfth Supplement, recorded in the records of the Clerk and Recorder for the County on November 21, 1988, at Book 448, Page 589;

- (16) Corrected by First Correction to Twelfth Supplement, recorded in the records of the Clerk and Recorder for the County on December 7, 1988, at Book 449, Page 139;
- (17) Supplemented by Thirteenth Supplement, recorded in the records of the Clerk and Recorder for the County on February 22, 1989, at Book 451, Page 402;
- (18) Supplemented by Fourteenth Supplement, recorded in the records of the Clerk and Recorder for the County on April 6, 1989, at Book 452, Page 621;
- (19) Supplemented by Fifteenth Supplement, recorded in the records of the Clerk and Recorder for the County on June 22, 1989, at Book 454, Page 690;
- (20) Supplemented by Sixteenth Supplement, recorded in the records of the Clerk and Recorder for the County on June 22, 1989, at Book 454, Page 694;
- (21) Amended by Fourth Amendment, recorded in the records of the Clerk and Recorder for the County on July 13, 1989, at Book 455, Page 167;
- (22) Supplemented by Seventeenth Supplement, recorded in the records of the Clerk and Recorder for the County on July 21, 1989, at Book 455, Page 522;
- (23) Supplemented by Eighteenth Supplement, recorded in the records of the Clerk and Recorder for the County on July 21, 1989, at Book 455, Page 526;
- (24) Supplemented by Nineteenth Supplement, recorded in the records of the Clerk and Recorder for the County on August 30, 1989, at Book 456, Page 870;
- (25) Supplemented by Twentieth Supplement, recorded in the records of the Clerk and Recorder for the County on September 22, 1989, at Book 457, Page 761;
- (26) Supplemented by Twenty-First Supplement, recorded in the records of the Clerk and Recorder for the County on October 5, 1989, at Book 458, Page 157;
- (27) Supplemented by Twenty-Second Supplement, recorded in the records of the Clerk and Recorder for the County on November 17, 1989, at Book 459, Page 741;
- (28) Supplemented by Twenty-Third Supplement, recorded in the records of the Clerk and Recorder for the County on November 17, 1989, at Book 459, Page 745;
- (29) Supplemented by Twenty-Fourth Supplement, recorded in the records of the Clerk and Recorder for the County on November 17, 1989, at Book 459, Page 749;
- (30) Supplemented by Twenty-Fifth Supplement, recorded in the records of the Clerk and Recorder for the County on January 5, 1990, at Book 461, Page 609;
- (31) Supplemented by Twenty-Sixth Supplement, recorded in the records of the Clerk and Recorder for the County on February 9, 1990, at Book 462, Page 747;
- (32) Supplemented by Twenty-Seventh Supplement, recorded in the records of the Clerk and Recorder for the County on February 15, 1990, at Book 462, Page 886;

- (33) Supplemented by Twenty-Eighth Supplement, recorded in the records of the Clerk and Recorder for the County on March 6, 1990, at Book 463, Page 526;
- (34) Supplemented by Twenty-Ninth Supplement, recorded in the records of the Clerk and Recorder for the County on April 6, 1990, at Book 464, Page 712;
- (35) Supplemented by Thirtieth Supplement, recorded in the records of the Clerk and Recorder for the County on June 19, 1990, at Book 466, Page 988;
- (36) Supplemented by Thirty-First Supplement, recorded in the records of the Clerk and Recorder for the County on July 5, 1990, at Book 467, Page 829;
- (37) Amended by Fifth Amendment, recorded in the records of the Clerk and Recorder for the County on February 7, 1991, at Book 474, Page 833;
- (38) Supplemented by Thirty-Second Supplement, recorded in the records of the Clerk and Recorder for the County on August 6, 1991, at Book 480, Page 954;
- (39) Supplemented by Thirty-Third Supplement, recorded in the records of the Clerk and Recorder for the County on October 28, 1991, at Book 484, Page 184;
- (40) Supplemented by Thirty-Fourth Supplement, recorded in the records of the Clerk and Recorder for the County on December 31, 1991, at Book 486, Page 106;
- (41) Amended by Sixth Amendment, recorded in the records for the Clerk and Recorder for the County on March 30, 1992, at Book 489, Page 938;
- (42) Amended by Seventh Amendment, recorded in the records of the Clerk and Recorder for the County on March 30, 1992, at Book 489, Page 964;
- (43) Supplemented by Declarant Agreement, recorded in the records of the Clerk and Recorder for the County on March 30, 1992, at Book 489, Page 974;
- (44) Amended by Eighth Amendment, recorded in the records of the Clerk and Recorder for the County on November 24, 1992, at Book 501, Page 1022;
- (45) Supplemented by Thirty-Fifth Supplement, recorded in the records of the Clerk and Recorder for the County on December 29, 1992, at Book 503, Page 646;
- (46) Supplemented by Thirty-Sixth Supplement, recorded in the records of the Clerk and Recorder for the County on January 22, 1993, at Book 505, Page 12;
- (47) Supplemented by Thirty-Seventh Supplement, recorded in the records of the Clerk and Recorder for the County on January 28, 1993, at Book 505, Page 252;
- (48) Supplemented by Thirty-Eighth Supplement, recorded in the records of the Clerk and Recorder for the County on March 10, 1993, at Book 507, Page 326;
- (49) Supplemented by Thirty-Ninth Supplement, recorded in the records of the Clerk and Recorder for the County on April 4, 1993, at Book 509, Page 281;

- (50) Supplemented by Fortieth Supplement, recorded in the records of the Clerk and Recorder for the County on August 2, 1993, at Book 515, Page 83;
- (51) Supplemented by Forty-First Supplement, recorded in the records of the Clerk and Recorder for the County on August 12, 1993, at Book 515, Page 623;
- (52) Supplemented by Forty-Second Supplement, recorded in the records of the Clerk and Recorder for the County on August 25, 1993, at Book 516, Page 402;
- (53) Supplemented by Forty-Third Supplement, recorded in the records of the Clerk and Recorder for the County on November 17, 1993, at Book 520, Page 629;
- (54) Supplemented by Forty-Fourth Supplement, recorded in the records of the Clerk and Recorder for the County on January 4, 1994, at Book 523, Page 79;
- (55) Supplemented by Forty-Fifth Supplement, recorded in the records of the Clerk and Recorder for the County on July 22, 1994, at Book 532, Page 745;
- (56) Supplemented by Forty-Sixth Supplement, recorded in the records of the Clerk and Recorder for the County on November 16, 1994, at Book 537, Page 1001;
- (57) Amended by Ninth Amendment, recorded in the records of the Clerk and Recorder for the County on or about June 14, 1995, at Book 548, Page 193;
- (58) Supplemented by Second Declarant Agreement, recorded in the records of the Clerk and Recorder for the County on or about December 14, 1995, at Book 554, Page 429;
- (59) Supplemented by Forty-Seventh Supplement, recorded in the records of the Clerk and Recorder for the County on March 21, 1996, at Book 559, Page 151;
- (60) Supplemented by Thirty-Second Supplement, recorded in the records of the Clerk and Recorder for the County on November 22, 1996, at Book 572, Page 445;
- (61) Supplemented by Forty-Eighth Supplement, recorded in the records of the Clerk and Recorder for the County on July 8, 1997, at Book 583, Page 703.
- (62) Amended by Tenth Amendment, recorded in the records of the Clerk and Recorder for the County on July 24, 1997, at Book 584, Page 344 (which Amendment has been rescinded and annulled by virtue of the Eleventh Amendment referenced below).
- (63) Amended by Eleventh Amendment dated July 21, 1999, to be recorded in the records of the Clerk and Recorder for the County in accordance with the terms of the Stipulated Settlement Order to which this Exhibit A is attached.
- (64) Amended by Twelfth Amendment dated July 21, 1999, to be recorded in the records of the Clerk and Recorder for the County in accordance with the terms of the Stipulated Settlement Order to which this Exhibit A is attached.

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EXHIBIT B

FIRST AMENDED AND RESTATED DEVELOPMENT COVENANT FOR LOTS 161A, 161A-1, 161B, 161D AND ADJACENT ACTIVE OPEN SPACE, TOWN OF MOUNTAIN VILLAGE, COLORADO

THIS FIRST AMENDED AND RESTATED DEVELOPMENT COVENANT (this "Ridgeline Covenant") is entered into between TELLURIDE SKI & GOLF COMPANY, LLLP, a Colorado limited liability limited partnership ("Telski"), the SAN MIGUEL COUNTY, COLORADO, BOARD OF COUNTY COMMISSIONERS (the "County"), ST. SOPHIA PARTNERS, LLLP, a Colorado limited liability limited partnership ("St. Sophia"), and the TOWN OF MOUNTAIN VILLAGE, COLORADO (the "Town").

RECITALS

- A. Telski and the County are parties to the Development Covenant for Lots 161A, 161B, 161D and Adjacent Active Open Space, Mountain Village Planned Unit Development as recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Book 504 at Page 744 (the "Development Covenant"). County Resolution 1993-6, authorizing the County to execute the Development Covenant, is recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Book 504 at Page 737 ("Resolution 1993-6").
- B. Subsequent to January 13, 1993, the Town incorporated in what was previously an unincorporated area of San Miguel County, Colorado.
- C. St. Sophia is now the owner of the following described real property (the "Current St. Sophia Property"):
 - (i) Lot 161A, Telluride Mountain Village, according to the final plat recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Plat Book 1 at Page 2193.
 - (ii) Lot 161D, Telluride Mountain Village, according to the final plat recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Plat Book 1 at Page 1403.
- D. Telski is the owner of the following described real property (the "Current Telski Property"):
 - (i) Lot 161A-1, Telluride Mountain Village, according to the final plat recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Plat Book 1 at Page 2193.
 - (ii) Lot 161B, Telluride Mountain Village, according to the final plat recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Plat Book 1 at Page 1403.
 - (iii) Active Open Space Tract OSP-49, according to the final plat as amended and recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Plat Book 1 at Page 1403.

- E. The Current St. Sophia Property is encumbered by the following deeds of trust:
- (i) Deed of trust for the benefit of Warren William Lovell, III, Robert Pickering and the J. Robert Pickering Charitable Remainder Trust as recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Book 539 at Page 341.
 - (ii) Deed of trust for the benefit of William Warren Lovell, III and Connie M. Pickering as recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Book 544 at Page 951.
 - (iii) Deed of trust for the benefit of David Iverson, et al. as recorded in the office of the San Miguel County, Colorado, Clerk and Recorder at Reception No. 325420.
- F. The Current Telski Property is encumbered by the following deed of trust:
- (i) Deed of trust for the benefit of U.S. Bank National Association as recorded in the office of the San Miguel County, Colorado, Clerk and Recorder at Reception No. 319935.
- G. The Town, St. Sophia and Telski anticipate that a replat ("Replat") of the St. Sophia Property and the Telski Property will be recorded with the San Miguel County, Colorado, Clerk and Recorder in the form approved by the Town on February 23, 1999.
- H. Subsequent to the recordation of the Replat and certain related real property conveyances between St. Sophia and Telski, it is anticipated that St. Sophia will be the owner of the following described real property (the "Anticipated St. Sophia Property"):
- (i) Lots 161A-2, 161A-3 and 161A-4, as shown on the Replat;
 - (ii) Lots 161D-1 and 161D-2, as shown on the Replat; and
 - (iii) Active open space Tract OS161R-3, as shown on the Replat.
- I. Subsequent to the recordation of the Replat and certain related real property conveyances between St. Sophia and Telski, it is anticipated that Telski will be the owner of the following described real property (the "Anticipated Telski Property"):
- (i) 161A-1R, as shown on the Replat; and
 - (ii) Active open space Tracts OS161-R1, OS161-R2 and OSP-49, as shown on the Replat.
- J. The Current St. Sophia Property and the Current Telski Property (or subsequent to the Replat, the Anticipated St. Sophia Property and the Anticipated Telski Property) are referred to herein collectively as the "Ridgeline Properties".
- K. The parties desire to enter into this Ridgeline Covenant to set forth the rights and obligations of the parties with respect hereto and to assure that the Ridgeline Properties shall be improved, occupied, owned, conveyed, encumbered, leased and used subject to the covenants, conditions, restrictions, undertakings and equitable servitudes described herein.

NOW, THEREFORE, the parties covenant and agree as follows:

1. **Replacement and Consent.** The provisions of this Ridgeline Covenant supersede and replace the Development Covenant and Resolution 1993-6 in their entirety, except that as to each of the Deeds of Trust described in Recital E hereto and any modifications or extensions thereof, the parties agree that the Development Covenant and Resolution 1993-6 shall remain and continue to be a senior covenant and encumbrance upon the Ridgeline Properties until the earlier of such time as the liens of all such Deeds of Trust, and any modifications or extensions thereof are released or extinguished, or such time as all of the beneficiaries of such Deeds of Trust have recorded in the office of the Clerk and Recorder for San Miguel County consents to this Ridgeline Covenant which subordinate the liens of such Deeds of Trust to this Ridgeline Covenant. Any person acquiring title to any of the Ridgeline Properties through foreclosure of any of the Deeds of Trust described in Recital E hereto, or through any conveyance in lieu of such foreclosure, shall take title to such Ridgeline Properties subject the covenants, conditions, restrictions and provisions of the Development Covenant and Resolution 1993-6 unless the consents contemplated by this paragraph have been duly recorded, in which event the person acquiring title to the Ridgeline Properties shall take title subject to the covenants, conditions, restrictions and provisions of this Ridgeline Covenant.
2. **General Objective.** All improvements, including, but not limited to all structures, constructed on the Ridgeline Properties shall conform to the applicable requirements and restrictions set forth herein. All structures, improvements and lighting on the Ridgeline Properties shall be constructed, operated, and maintained so that they shall not be visible from or extend into the View Plane described herein below, excluding the structure which received final plan approval by the Town Design Review Board on April 29, 1999, for development on the Current Telski Property (i.e., Lot 161A-1 and Tract OSP-49 or, subsequent to the Replat, Lot 161A-1R and OS 161-R1) (the "Ridge Club Building"). The final development plans approved by the Town Design Review Board on April 29, 1999 together with the Ridge Club Building Landscape Plan, dated July 1, 1999 and the Ridge Club Site Plan, dated July 1, 1999, which have also received County review and approval, shall be collectively referred to hereafter as the "Approved Plans."
3. **Modifications to Ridge Club Building.** The Ridge Club Building shall be constructed in full compliance with the Approved Plans. Any modifications of the Ridge Club Building shall be subject to this Covenant. However, in no event shall the Ridge Club Building, including any modifications thereto, exceed the maximum height of thirty-five (35) feet along the ridgeline, as measured in accordance with Section 8.2 of the Town's Land Use Ordinance in effect on the date of execution of this Ridgeline Covenant, a copy of Section 8.2 of the Town's Land Use Ordinance is attached hereto and incorporated herein by reference as **Exhibit B-1**.
4. **Height limits on Lots 161A, 161A-1, 161B and 161D.** Except for the Ridge Club Building, all improvements constructed on Lots 161A, 161A-1, 161B and 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2) shall have a maximum height limit of the lesser of (i) forty-five (45) feet or (ii) the maximum height allowed pursuant to the View Plane Limitations described below. For the purposes of clause (i) above, the height of any such improvements shall be measured in accordance with Section 8.2 of the Town's Land Use Ordinance as in effect on the date of the execution of this Ridgeline Covenant, a copy of which is attached hereto and incorporated herein by reference as **Exhibit B-1**.

5. **View Plane Limitations for Development on Lots 161A, 161A-1, 161B, and 161D.** Development on Lots 161A, 161A-1, 161B and 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2), excluding the Ridge Club Building, shall be located such that, under no circumstances, shall any lighting or any part of any structure extend into the view plane (the "View Plane") shown on the Coonskin View Plane drawing prepared by Jacobsen Associates and dated July 21, 1999, as recorded in the office of the San Miguel County, Colorado, Clerk and Recorder in Plat Book 1 at Page 2601.
6. **View Plane Limitation Review.** Prior to the Town's issuance of any development approvals and/or building permits for any improvements to be located on Lots 161A, 161A-1, 161B, 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2), excluding the Ridge Club Building, the applicant shall erect a story pole which reflects the maximum height of the proposed improvements at the point where the proposed improvements will extend closest to the View Plane to confirm that the improvements will comply with all conditions set forth herein. The applicant shall give written notice to the Town and the County at the time the story pole is erected. Contemporaneously with the erection of the story pole, a light shall be installed that illuminates the story pole at the elevation on the pole where light would be visible from off-site at the height of the highest window in the proposed improvements.
7. **Lighting on Ridge Club Building.** All exterior and interior light fixtures on the Ridge Club Building associated with non-gondola uses shall be shielded, recessed or reflected so that no lighting is oriented towards the east face of the building.
8. **Ski Area Commercial Operations in Open Space.** One or more restaurants or other commercial operations may be constructed within the Ridge Club Building. No solid fuel burning device shall be allowed in any proposed restaurant, or at any other commercial operation within the Ridge Club Building.
9. **Landscaping Plan.** St. Sophia shall complete all landscaping surrounding the Ridge Club Building in accordance with the Approved Plans.
10. **Referral to County.** All applications to the Town Design Review Board Administrator for any construction on Lots 161A, 161A-1, 161B, 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2) and adjacent Active Open Space (or, subsequent to the Replat, Tracts OS161-R1, OS161R-2, OS161R-3 and OS 49), except initial building permit applications, shall be referred by said Administrator, within seven days of receipt, to the County Planning Office for review. Notwithstanding the foregoing, the Town's approval of such applications will not be subject to County land use review or approval. However, the Town's approval of such applications shall not establish compliance with this Ridgeline Covenant for purposes of enforcement by the County.
11. **Enforcement by the County.** In the event the Town considers any development application which the County believes violates this Ridgeline Covenant, the County shall have the right to initiate legal action at its sole cost and expense to enforce this Ridgeline Covenant against the applicant and/or any other parties with a legal interest in the property. Applicants will be given notice by the Town that the Ridgeline Properties are subject to this Ridgeline Covenant and that it may be enforced by the County through direct court proceedings against them. Any action taken by the County related to the

development application must be brought within 60 days after final plan approval by the Town Design Review Board, provided the development application has been referred to the County in accordance with paragraph 10 above. Any County legal action for possible violations of this covenant regarding future amendments or modifications to a final plan approval shall be limited to such future amendments' or modifications' possible violation of this covenant.

In the event an improvement is constructed which the County believes violates this Ridgeline Covenant, the County shall have the right to initiate legal action at their sole cost and expense to enforce this Ridgeline Covenant against the owner of the improvement. Any action taken by the County related to a constructed improvement shall be brought within one year after the date of issuance of a temporary or permanent certificate of occupancy for the improvement.

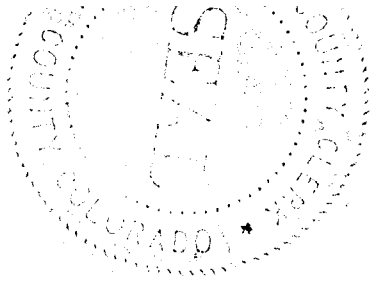
12. **Acknowledgments**. The County hereby acknowledges that approval of development upon Ridgeline Properties is subject only to the Town's Land Use Ordinance and the provisions of this Ridgeline Covenant. Notwithstanding the foregoing, the Town hereby acknowledges the County's rights to privately enforce this Ridgeline Covenant, as set forth in paragraph 11 hereof.
13. **Run with Land**. The provisions of this Ridgeline Covenant shall be for the benefit of and a burden upon the title to the Ridgeline Properties, including any future boundary modifications thereto, and shall be binding on the successors and assigns of St. Sophia and Telski.
14. **No Third Party Beneficiaries**. There are no third party beneficiaries to this Ridgeline Covenant and nothing contained herein shall in any way be construed to give any rights to any third party.
15. **Town of Telluride Referral**. All applications to the Town Design Review Board Administrator for any construction on Lots 161A, 161A-1, 161B and 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2), and adjacent Active Open Space (or, subsequent to the Replat, Tracts OS161R-1, OS161R-2, OS161R-3 and OS 49) shall be referred to the Town of Telluride for comments regarding compliance with the provisions of this Ridgeline Covenant within seven days of receipt of any such application for construction. Prior to the Town Design Review Board Administrator or the Town Design Review Board taking action on the application, the Town of Telluride shall have 21 days from receipt of such a referral to provide comments concerning an application. Any comments of the Town of Telluride on an application to the Town Design Review Board Administrator shall be advisory and not binding upon the parties hereto. Except for the rights granted to the Town of Telluride in this paragraph, the Town of Telluride shall have no third party beneficiary rights of any nature to enforce any of the provisions of this covenant.
16. **Effect of Provisions of this Covenant**. Each provision of this Ridgeline Covenant, and any agreement, promise, covenant and undertaking to comply with each provision of this Ridgeline Covenant, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Ridgeline Covenant: (a) shall be deemed incorporated in each deed, lease, or other instrument by which any right, title or interest in Lots 161A, 161A-1, 161B, and/or 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2) is granted, devised, leased, or conveyed, whether or not set forth or referred to in such deed, lease, or other

instrument; (b) shall, by virtue of acceptance of any right, title or interest in Lots 161A, 161A-1, 161B, and/or 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2) by an owner or lessee, be deemed accepted, ratified, adopted and declared to be a real covenant and binding as such upon such owners or lessees; (c) shall be deemed a real covenant by the parties hereto for themselves, their successors and assigns, and also an equitable servitude, running, in each case, as a burden with and encumbrance upon the title to Lots 161A, 161A-1, 161B, and 161D (or, subsequent to the Replat, Lots 161A-1R, 161A-2, 161A-3, 161A-4, 161D-1 and 161D-2) for the benefit of the Town and the County.

17. **Approvals by Lenders.** St. Sophia and Telski shall use all reasonable efforts to secure the written consent to their execution of this Covenant from each of the beneficiaries to the deeds of trust currently encumbering their respective properties, as identified in Recitals E and F herein, prior to the District Court's approval of the Stipulated Settlement Order, which is scheduled to be submitted to the District Court for consideration on Friday, July 23, 1999.
18. **Mutual Attorneys' Fees.** In the event of any litigation (but not including arbitration proceedings) between the parties hereto concerning this Ridgeline Covenant and the enforcement hereof, the prevailing party in such action shall receive from the opposing party all reasonable costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in such action.
19. **Notices.** All notices, requests, demands, consents and other communications which are required or may be given under this Ridgeline Covenant shall be in writing and shall be given either by personal delivery against a receipted copy or by certified or registered United States mail, return receipt requested, postage prepaid, to the following addresses:

Telluride Ski & Golf Company, LLLP
565 Mountain Village Boulevard
Telluride, CO 81435
Attn: Isaac B. Shisler


San Miguel County, Colorado
Board of County Commissioners
P.O. Box 1170
Telluride, CO 81435



SAN MIGUEL COUNTY BOARD OF COMMISSIONERS

By: 
ART GOODTIMES, Chairman

ATTEST:


By: 
GAY CAPPIS, County Clerk & Recorder

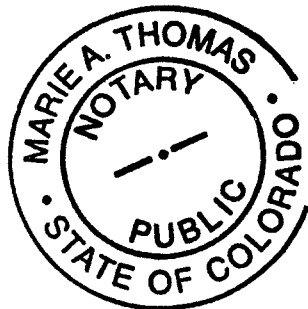
STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 26th day of August, 1999 by Art Goodtimes as Chairman of San Miguel County Board of Commissioners and Gay Cappis as County Clerk & Recorder of San Miguel County.

WITNESS my hand and official seal.

My commission expires: 02/05/01


Notary Public



ARTICLE 7 EMPLOYEE HOUSING

SECTION 7-1 EMPLOYEE HOUSING RESTRICTION (“EHR”)

7-101 Lots or dwelling units zoned Employee Apartment, Employee Condominium or Employee Dorm are restricted to occupancy exclusively by persons who are employed or can show intent to be employed within the Telluride R-1 District, and their spouses and children. This restriction on use and occupancy constitutes a covenant that runs fifty (50) years from the date of recordation with the title to the property as a burden thereon and shall be binding on the owner, and on the heirs, personal representatives, assigns, lessees and licensees and any transferee of the owner. The duration of this restriction and covenant shall extend for an initial period of fifty (50) years, and at the option of the Town Council, or its designee, may be extended for an additional period of fifty (50) years after public hearing and comment on the proposed extension. This restriction and covenant shall be administered by the Town Council, or its designee, and shall be enforceable by any appropriate legal or equitable action including, but not limited to, specific performance, injunction, abatement or eviction of non-complying owners, users or occupants, or such other remedies and penalties as may be provided by Colorado law or the ordinances of the Town.

7-102 Development shall be in accordance with the specific Design Zone of the property, except that the DRB may, at its discretion, relax the Design Zone requirements to allow for more affordable housing to be built. Employee Dorms may convert to either Employee Condominiums or Employee Apartments, and vice versa, according to the density formula.

ARTICLE 8 BUILDING HEIGHTS

SECTION 8-1 BUILDING HEIGHT LIMITATIONS

8-101 All Lots within the Town, except Lots specifically otherwise assigned in this Section or otherwise specified in a more restrictive Design Zone Covenant or on a recorded plat, shall not exceed thirty-five (35) feet in height relevant to the Maximum Height Limit requirement.

SECTION 8-2 BUILDING HEIGHT REQUIREMENTS - VILLAGE CORE

8-201 Inner Village Core Lots. The Maximum Height Limit for Inner Village Core Lots shall be sixty (60) feet. The Maximum Average Height shall be forty-eight (48) feet. For the purpose of determining height restrictions, the Village Core shall include the following lots: 28, 29A, 29B, 29C, 29D, 29E, 29F, 29G, 34, 35, 37, 38, 41, 42A, 42B, 43, 50A, 50B, 50C, 51, 53A, 53B, 60RA, 60RB, 61A, 61B, 61C, 61D, 62, 63R/64R, 65, 67, 68R, 69R1, 69R2, 71R, 73, 76, 89A, 108, 109, 110, 161CR.

8-202 Village Core Transition Lots. The Maximum Height Limit for Village Core Transition Lots, unless specifically otherwise assigned in this Section or otherwise specified in a more restrictive Design Zone Covenant or on a recorded plat, shall be forty-eight (48) feet. The Maximum Average Height shall be forty-eight (48) feet. For the

purpose of determining height restrictions, Village Core Transition lots shall include the following: 8, 10, 11, 12, 14, 15, 30, 89-1C, 89-1D, 122, 123, 129, 129A, 134, 135, 136, 152A, 152B,

SECTION 8-3 BUILDING HEIGHT REQUIREMENTS - MULTI-UNIT LOTS AND DETACHED CONDOMINIUMS

8-301 Multi-Unit Lots. The Maximum Height Limit for Multi-Unit Lots, unless specifically otherwise assigned in this Section or otherwise specified in a more restrictive Design Zone Covenant or on a recorded plat, shall be forty-eight (48) feet. The Maximum Average Height shall be forty-eight (48) feet.

8-302 Detached Condominium Lots. The Maximum Height Limit for Detached Condominiums shall be thirty-five (35) feet. The Maximum Average Height shall be thirty (30) feet.

SECTION 8-4 BUILDING HEIGHT REQUIREMENTS - RIDGE LINE LOTS

8-401 The Maximum Height Limit, not including chimneys and mechanical equipment, for all Ridge Line Lots shall not exceed forty-five (45) feet, as measured to the top of any structure from finish grade, except for Lots with more restrictive Height Limitations, as more particularly described in Section 5-1 of this Ordinance. The Maximum Average Height shall be thirty (30) feet.

SECTION 8-5 BUILDING HEIGHT REQUIREMENTS - SPECIAL CONSIDERATION LOTS

8-501 The Maximum Average Height Limit for Special Consideration Lots shall be forty-eight (48) feet. The Maximum Height Limit for Special Consideration Lots shall be:

Lots 10, 12 & 14 - 48 feet from Natural Grade

Lot 27A - 60 feet from Natural Grade

Lot 33 - 50 feet from Natural Grade

Lot 52 - 65 feet from Natural Grade

Lot 128 - the "As-Built" height as of 11-21-91

Lot 152C - 55 feet from Natural Grade

Lot 154 - 45 feet from Natural Grade

SECTION 8-6 BUILDING HEIGHT REQUIREMENTS - SINGLE FAMILY, DUPLEX LOTS

8-601 The Maximum Height Limit for Single Family and Duplex Lots, unless specifically otherwise assigned in this section or otherwise specified in a more restrictive Design Zone Covenant or on a recorded plat, shall be thirty-five (35) feet. The Maximum Average Height for Single Family and Duplex Lots, unless specifically otherwise assigned in this Section or otherwise specified in a more restrictive Design Zone Covenant or on a recorded plat, shall be thirty (30) feet.

EXHIBIT C

FIRST AMENDED AND RESTATED GONDOLA OPERATING AGREEMENT

THIS FIRST AMENDED AND RESTATED GONDOLA OPERATING AGREEMENT is made and entered into this 28th day of July, 1999, by and between **TELLURIDE SKI & GOLF COMPANY**, a Colorado limited liability limited partnership ("Telski"), **TELLURIDE MOUNTAIN VILLAGE RESORT COMPANY, INC.**, a Colorado non-profit corporation, doing business as **MOUNTAIN VILLAGE METROPOLITAN SERVICES, INC.** ("Metro Services"), **TELLURIDE GONDOLA TRANSIT COMPANY**, a Colorado non-profit corporation ("TGTC"), **MOUNTAIN VILLAGE METROPOLITAN DISTRICT**, a quasi-municipal corporation ("Metro District"), the **TOWN OF MOUNTAIN VILLAGE, COLORADO**, a Colorado home rule municipality (the "Town") and **SAN MIGUEL COUNTY, COLORADO**, a body corporate and politic (the "County").

RECITALS

A. Telski, Metro Services, TGTC, Metro District, the Town, and the County acknowledge and agree that the operation of the gondola transportation facility (the "Gondola") is important to the economic health of the Mountain Village while at the same time providing an efficient, free public transportation system between the Town and the Town of Telluride.

B. Telski is directly affected by the operation of the Gondola in that in addition to providing a free public transportation system, the Gondola also functions as a ski lift during ski area hours of operation, which function creates a positive effect on the number of skier days.

C. Metro Services is directly affected by the operation of the Gondola in that the increased economic development of the Mountain Village resulting from said operation will provide additional revenues from Civic Assessments which are used to fund the operations of Metro Services.

D. TGTC is directly affected by the operation of the Gondola in that the increased economic development of the Mountain Village resulting from said operation will provide additional revenues from Real Estate Transfer Assessments which are pledged to pay debt service on the Gondola bonds and Gondola operating costs and, after defeasance of the bonds, will fund Gondola operating costs.

E. Metro District is directly affected by the operation of the Gondola in that the increased economic development of the Mountain Village resulting from said operation will provide additional revenues from tap fees, service fees and ad valorem taxes which are used to fund the operations of and the services provided by Metro District.

F. The Town is directly affected by the operation of the Gondola in that the increased economic development to the Mountain Village community resulting from said operation will provide additional revenues from permit fees, use taxes, ad valorem taxes, sales taxes, and lodging taxes which are used to fund the operations of and the services provided by the Town.

G. The County is directly affected by the operation of the Gondola in that it provides an efficient free public transportation system without impacting air quality and generally contributes to the economic well being of the County.

H. In recognition of the benefits to be derived by the respective parties as set forth herein, Telski, Metro Services, TGTC, Metro District, the Town and the County believe that it is in the best interests of each entity, the Mountain Village community, and the region as a whole, to enter into this Agreement to insure the future operation of the Gondola.

I. The Parties are entering into this Agreement for among other reasons the settlement of Case No. 97-CV-133 pending in the District Court, San Miguel County, State of Colorado (the "Lawsuit") and pursuant to the terms of the Settlement Stipulation ("Stipulation") and Stipulated Settlement Order ("Settlement Order") filed therein.

NOW THEREFORE, in consideration of the mutual benefits to be derived herefrom, the agreement of the parties to settle Case No. 97-CV-133 pending in the District Court, San Miguel County, State of Colorado, and the consent of the parties to the assignment of rights and delegation of duties provided for herein, the parties covenant and agree as follows:

DURATION OF AGREEMENT

1. This Agreement, and the respective rights, duties and obligations of the parties hereto, shall commence upon entry by the Court of the Settlement Order and shall terminate on December 31, 2027.

TGTC OBLIGATIONS

2. Until the payment, redemption or defeasance of the Telluride Gondola Transit Company Revenue Bonds, Series 1995 (the "1995 Bonds"), and Metro District's acceptance of the assignment by TGTC of all of TGTC's right, title and interest in and to the Gondola, TGTC, as owner of the Gondola shall operate, manage and maintain the Gondola as a free public transportation system. In connection with its obligation to operate, manage and maintain the Gondola, TGTC shall:

(a) Hire and supervise (and to the extent it deems necessary, discharge) operating and maintenance personnel, security guards and such other employees and agents as it deems in its judgment are desirable or necessary in connection with the performance of its duties and obligations hereunder;

(b) Cause the Gondola to be operated and maintained in good condition and repair, and in accordance with applicable law and any operating schedule that may be in place from time to time;

(c) (i) Keep the operation of the Gondola in compliance with all statutes, regulations and orders relating to occupational safety and health or environmental protection, (ii) maintain all records and file all reports or returns required to be maintained or filed pursuant to the provisions of

any applicable statute, regulation or order and (iii) obtain all applicable consents, permits, licenses and approvals of all governmental bodies the obtaining of which is of material importance to, or the failure to obtain which may have a material adverse effect on, the ownership or operation of the Gondola;

(d) Take such action as may be necessary to comply promptly with any orders or requirements affecting the Gondola imposed by any federal, state or local government having jurisdiction over the Gondola and any property on which the Gondola is located or which is used in connection with the Gondola;

(e) Maintain a tally of ridership of the Gondola during operation thereof and make such information available to the public;

(f) Increase the capacity of the Gondola facilities from time to time from its initial capacity to its ultimate capacity as necessary to meet demand.

(g) Operate the Gondola as a free transportation service for a scheduled minimum of sixteen (16) hours per day for a number of days such that the Gondola operates a total of not less than four thousand four hundred (4,400) scheduled hours per calendar year, (subject to, mechanical, lightning, wind, and other weather related shutdowns) which is the equivalent of sixteen (16) hours per day times two hundred seventy-five (275) days per calendar year. All consecutive hours of operation in excess of sixteen (16) shall be counted at one and one-half (1 1/2) times actual. Notwithstanding the foregoing, in no event shall the Gondola be operated for less than sixteen (16) actual hours per day for at least two hundred fifty (250) days per calendar year (subject to, mechanical, lightning, wind, and other weather related shutdowns).

3. Notwithstanding the foregoing obligations of TGTC, TGTC may retain a manager to operate, manage and maintain the Gondola and to carry out its obligations set forth herein.

4. Upon the payment, redemption or defeasance of the 1995 Bonds, or any subsequent bonds, TGTC shall assign all of its right, title and interest in and to the Gondola and delegate all of its duties with respect to the Gondola to Metro District.

5. In performance of TGTC's obligations set forth herein, TGTC may use shuttle vans or buses during periods of Gondola shutdown due to emergencies, including, but not limited to, adverse weather conditions, repairs, or power outages (but not including periods of low use or demand). Notwithstanding the above restriction, the Gondola operator may in its sole discretion elect to substitute shuttle vans or buses for Leg 3 (Station Mountain Village to Station Parking) of the Gondola during hours when the ski area is not operating.

6. In performance of TGTC's obligations set forth herein, TGTC 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.

METRO DISTRICT OBLIGATIONS

7. Upon the payment, redemption or defeasance of the 1995 Bonds, or any subsequent bonds, and Metro District's acceptance of the assignment by TGTC of all of TGTC's right, title and interest in and to the Gondola, and the delegation of all of TGTC's obligations with respect to the Gondola, Metro District shall immediately assume and be responsible for all of the obligations of TGTC set forth in Paragraph 2(a)-(g) hereof with respect to the operation, management and maintenance of the Gondola as a free public transportation system until December 31, 2027.

8. Notwithstanding the foregoing obligation of Metro District to assume the obligations of TGTC, Metro District may retain a manager to operate, manage and maintain the Gondola and to carry out its assumed obligations.

9. In performance of Metro District's obligations set forth herein, Metro District may use shuttle vans or buses during periods of Gondola shutdown due to emergencies, including, but not limited to, adverse weather conditions, repairs, or power outages (but not including periods of low use or demand). Notwithstanding the above restriction, Metro District may, in its sole discretion elect to substitute shuttle vans or buses for Leg 3 (Station Mountain Village to Station Parking) of the Gondola during hours when the ski area is not operating.

10. In performance of Metro District's obligations set forth herein, Metro District 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.

METRO SERVICES OBLIGATIONS

11. Metro Services shall pay to TGTC, sufficient funds necessary to fund the operation and maintenance of the Gondola as a free public transportation system for a scheduled minimum of sixteen (16) hours per day for a number of days such that the Gondola operates a total of not less than four thousand four hundred (4,400) scheduled hours per calendar year, (subject to mechanical, lightning, wind, and other weather related temporary shutdowns) which is the hourly equivalent of sixteen (16) hours per day times two hundred seventy-five (275) days per year (the "Metro Services Financial Obligation"). All consecutive hours in excess of sixteen (16) shall be counted at one and one-half (1 1/2) times actual. Notwithstanding the foregoing, in no event shall Metro Services Financial Obligation in any calendar year be less than is necessary for the maintenance and operation of the Gondola for at least sixteen (16) actual hours per day for at least two hundred fifty (250) days per year (subject to, mechanical, lightning, wind and other weather related temporary shutdowns).

12. Prior to the payment, redemption or defeasance of the 1995 Bonds, the Metro Services Real Estate Transfer Assessment ("RETA") shall remain pledged to the lender on the 1995 Bonds and 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.

Upon payment, redemption or defeasance of the 1995 Bonds, Metro Services shall pay or cause to be paid to Metro District, on a monthly basis, sufficient funds necessary to fund the operation and maintenance of the Gondola as a free public transportation system, as provided in paragraphs 2 and 11 hereof, and Metro Services hereby pledges its full faith and credit to the support of such payment obligations.

13. Subject to its obligations arising under the Series 1995 Gondola Funding Agreement dated November 30, 1995, the Telluride Mountain Village Resort Company Second Assignment of Real Estate Transfer Assessments dated November 30, 1995, the Guaranty Agreement dated November 30, 1995, and any other obligation of Metro Services in connection with the 1995 Bonds or any refinancing or refunding thereof, Metro Services hereby pledges, for the term of this Agreement, RETA revenues to fund the operation and maintenance of the Gondola as a free public transportation system, as provided in paragraph 11.

14. If, during any calendar year during the term of this Agreement, Metro Services shall have insufficient revenues, whether from RETA or other revenue sources, to fund the operation and maintenance of the Gondola as a free public transportation system in accordance with paragraphs 2 and 11 hereof, Metro Services shall levy a special assessment in accordance with its bylaws and the General Declaration for the Telluride Mountain Village, in an amount sufficient to perform its obligations hereunder.

TELSKI OBLIGATIONS

15. Telski shall pay, on a monthly basis, an amount equal to one percent (1%) of all gross revenues from the date hereof until December 31, 2027, from the sale of ski lift tickets for the Telluride Ski Area (the "Telski Surcharge Amount") for the immediately preceding month. For purposes of this section, "gross revenues" shall mean the gross selling price of all ski lift tickets whether for cash or credit, whether made by Telluride Ski Area or Telski personnel or by machines, and whether in the form of gift certificates or like vouchers, but excluding therefrom the following: (a) revenues received from the sale of season ski passes for the Telluride Ski Area; and (b) the sale of discount cards such as the Telluride Card, but gross revenues shall include the revenues from the sale of daily ski lift tickets purchased utilizing such discount cards.

16. Prior to the payment, redemption or defeasance of the 1995 Bonds, Telski shall deposit the Telski Surcharge Amount, on a monthly basis, into the Project Account as defined and set forth in the Amended and Restated Funding Agreement dated November 30, 1995, between Metro Services, TGTC, Metro District and Telski. Upon payment, redemption or defeasance of the 1995 Bonds, Telski shall remit the Telski Surcharge Amount directly to Metro District or to such other entity operating the Gondola as Metro District may direct.

COOPERATION BETWEEN THE PARTIES

17. Each of the parties hereto agrees to cooperate with each other to assure the safe and efficient operation of the Gondola.

DEFAULT AND ENFORCEMENT RIGHTS

18. In the event any party to this Agreement defaults in the performance of its respective obligations arising hereunder, any one or all of the non-defaulting parties shall deliver written notice of such default to the defaulting party. In the event the defaulting party fails to cure such default within ten (10) days after receipt of said written notice, this Agreement and the respective obligations of the defaulting party shall be enforceable by an order of specific performance or injunctive relief upon motion therefore brought by one or all of the non-defaulting parties against the defaulting party. Additionally, any non-defaulting party may seek the recovery of actual damages but may not seek to recover consequential or special damages.

NO THIRD PARTY BENEFICIARIES

19. There are no third party beneficiaries to this Agreement and nothing contained herein shall in any way be construed to give any rights to any third party.

NOTICE

20. Notice shall be by certified mail, return receipt requested, or by personal delivery. The addresses of the parties for the delivery of any notices authorized by this Agreement are:

Telluride Ski & Golf Company
565 Mountain Village Blvd.
Mountain Village, CO 81435

Mountain Village Metropolitan Services, Inc.
113 Lost Creek Lane, Suite A
Mountain Village, CO 81435

Telluride Gondola Transit Company
113 Lost Creek Lane, Suite A
Mountain Village, CO 81435

Mountain Village Metropolitan District
113 Lost Creek Lane, Suite A
Mountain Village, CO 81435

Town of Mountain Village
113 Lost Creek Lane, Suite A
Mountain Village, CO 81435

San Miguel County, Colorado
P.O. Box 1170
Telluride, CO 81435

Notice shall be considered delivered, if sent by certified mail, on the date indicated upon the return receipt; or, upon receipt if delivered in person.

INTEGRATION

21. This Agreement and the Settlement Order constitute the full, complete, and integrated understanding of the parties hereto, and no prior or contemporaneous promise, representation, term, condition, or understanding, of any party regarding the subject matter specified herein, shall be of any legal force or effect unless embodied herein in writing, or in a subsequent written amendment to this Agreement mutually agreed to by the parties.

BINDING EFFECT

22. This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties hereto.

REPLACEMENT OF GONDOLA OPERATING AGREEMENT

23. This Agreement supersedes and replaces in its entirety the Gondola Operating Agreement dated the 27th day of October, 1998.

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

24. Each person signing for a party represents and warrants that such party (i) has not assigned any rights or delegated any obligations which are the subject of this Agreement; (ii) that all required authorizations and approvals for a party to enter into this Agreement have been duly and lawfully given; (iii) that each person signing for a party has authority to sign this Agreement as a binding obligation of such party; and (iv) that each party intends for this Agreement to be enforceable according to its terms.

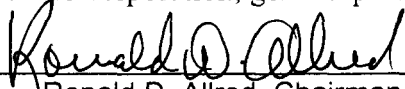
COUNTERPARTS

25. This Agreement may be executed in counterparts, all of which together shall constitute one and the same Agreement.


IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the date first appearing above.

TELLURIDE SKI & GOLF COMPANY, LLLP, a
Colorado limited liability limited partnership

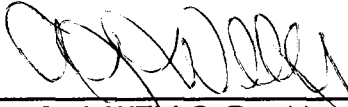
By: **THE MOUNTAIN VILLAGE, INC.**, a
Colorado corporation, general partner

By: 
Ronald D. Allred, Chairman

ATTEST:


Kim Montgomery, Secretary

**TELLURIDE MOUNTAIN VILLAGE RESORT
COMPANY, INC.**, a Colorado non-profit
corporation, d.b.a. **MOUNTAIN VILLAGE
METROPOLITAN SERVICES, INC.**

By: 

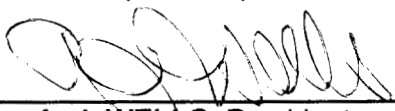
A. J. WELLS, President

ATTEST:

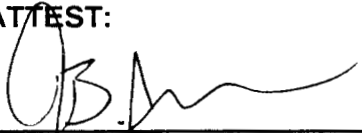


RUTHANN K. RUSSELL, Secretary


TELLURIDE GONDOLA TRANSIT COMPANY, a
Colorado non-profit corporation

By: 
A. J. WELLS, President

ATTEST:


ISAAC B. SHISLER, Secretary

MOUNTAIN VILLAGE METROPOLITAN DISTRICT, a quasi-municipal corporation

By: 
A. J. WELLS, President

ATTEST:


DAVID C. FLATT, Secretary



TOWN OF MOUNTAIN VILLAGE, COLORADO, a
Colorado home rule municipality

By 
WILLIAM A. HANLEY, III, Mayor

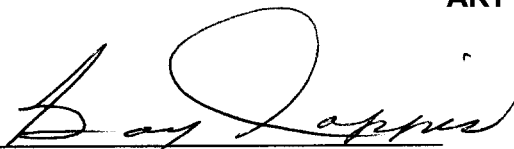
ATTEST:


LINDA L. CHECK, Town Clerk



**BOARD OF COUNTY COMMISSIONERS OF SAN
MIGUEL COUNTY, COLORADO**

By  _____
ART GOODTIMES, Chairman

ATTEST: 

GAY CAPPIS, County Clerk and Recorder

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EXHIBIT D

ELEVENTH AMENDMENT TO THE GENERAL DECLARATION
FOR THE TELLURIDE MOUNTAIN VILLAGE
SAN MIGUEL COUNTY, COLORADO

THIS ELEVENTH AMENDMENT to the General Declaration for the **TELLURIDE MOUNTAIN VILLAGE**, San Miguel County, Colorado, is made this 28th day of July, 1999, by THE TELLURIDE COMPANY, a Colorado Corporation ("Telco").

WHEREAS, Telco, as Declarant, executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714, of the records of the Clerk and Recorder for San Miguel County, Colorado (the "General Declaration").

WHEREAS, Telco has filed in the office of the San Miguel County Clerk and Recorder the following amendments to the General Declaration:

<u>Document</u>	<u>Date of Recording</u>	<u>Book</u>	<u>Page</u>
First Amendment	June 20, 1985	419	597
Second Amendment	May 1, 1986	426	693
Third Amendment	July 20, 1988	445	522
Fourth Amendment	July 13, 1989	455	167
Fifth Amendment	February 7, 1991	474	833
Sixth Amendment	March 30, 1992	489	938
Seventh Amendment	March 30, 1992	489	964
Eighth Amendment	November 24, 1992	501	1022
Ninth Amendment	July 10, 1995	548	193
Tenth Amendment	July 24, 1997	584	344

WHEREAS, Declarant desires to make certain amendments to the General Declaration.

WHEREAS, through their execution of this Eleventh Amendment, the San Miguel County Board of Commissioners and the Town of Mountain Village desire to confirm their consent and agreement to the Eleventh Amendment.

NOW THEREFORE, in accordance with Section 11.16 of the General Declaration, and with the consent and agreement of the Town of Mountain Village (the "Town") and the San Miguel County Board of Commissioners (the "County"), Declarant does hereby amend the General Declaration as set forth below.

1. The Tenth Amendment to the General Declaration for the Telluride Mountain Village, San Miguel County, Colorado is hereby rescinded and annulled
2. Section 7.13 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

7.13 Restriction on Solid Fuel Burning Devices: The number of permits for wood-burning fireplaces or other Solid Fuel Burning Devices shall be limited to one hundred (100) plus the number of permits actually issued by San Miguel County prior to March 10, 1995 (which the County believes is ninety-four (94)).

3. Section 9.1 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

9.1 Density Limitation: The total Density within the boundaries of the original PUD, as described on the "Zoning Map and Preliminary Plat - Master Plan," as approved by the San Miguel County Board of Commissioners on December 17, 1992 and recorded in the real estate records of the San Miguel County Clerk and Recorder's Office at Reception #282099, Plat Book #2, pages 1386 - 1397, on January 7, 1993, ("Original P.U.D.") either platted or banked is 8,027 (8,015 persons from the original P.U.D. and 12 persons of bonus Employee Density). Density Transfers, Platting/Replatting, and Zoning/Rezoning shall not increase the total density above that cap, except to allow for the creation of additional Multi-Unit Employee Housing, subject to the Town of Mountain Village Employee Housing Restriction. Density allocations for specific uses and parcels within the area encompassed by the Original P.U.D. shall be determined as set forth in section 2-10 of the Town of Mountain Village Land Use Ordinance as in effect on March 31, 1999, a copy of which is attached hereto as **Exhibit D-1**.

4. Section 9.2 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

9.2 Open Space: Active and Passive Open Space shall be preserved as to acreage and general location, as it presently exists in the Town, and as it is shown on the Town Open Space Map, dated June 16, 1999 and recorded in Book 1, at Page 2603, in the records of the Clerk and Recorder for San Miguel County, subject to an approved but not yet recorded replat of Lots 161A, 161A-1, 161B and 161D. Platted Open Space within the Original P.U.D. shall not be less than sixty percent (60%) of the total acreage within the Original P.U.D., exclusive of the Village Core, which consists of those parcels of real property described on **Exhibit D-2**, a copy of which is attached hereto and incorporated herein by reference, as verified by the Town Open Space Recap dated April 16, 1999 and recorded at Reception No. 328115 in the records of the Clerk and Recorder for San Miguel County. Passive Open Space within the Original P.U.D. shall not be reduced below the one hundred fifty one and three hundred thirty four thousandths (151.334) acres platted as of July 1, 1999 within the Original P.U.D., but Active Open Space may be reduced if it is replatted as Passive Open Space. Lot line adjustments that affect Open Space are permitted, subject to approval of the Town Council of the Town of Mountain Village and the owner(s) of the affected property, but only to the extent there is no net loss of Open Space within the Original P.U.D.

5. Section 11.16 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

11.16 Additions, Modifications or Annulment of Declaration.

(a) Declarant, San Miguel County and Town of Mountain Village: Nothing to the contrary withstanding, the covenants, agreements, conditions, reservations, restrictions and charges created and established in Sections 2.1, 2.16, 2.18, 2.20, 2.21, 2.25, 2.26, 2.28, 5.3, 5.4, 5.5, 7.13, 9.1, 9.2, 10.1, 10.2, 11.16(a), 11.18, and 11.19 for the benefit of the parties named herein, San Miguel County and the Telluride Mountain Village may only be changed, waived, terminated, modified, supplemented, or annulled by the Declarant, San Miguel County and the Town of Mountain Village upon their mutual agreement. The waiver, change, termination, modification, supplementation or annulment shall become effective upon the recordation in the office of the San Miguel County Clerk and Recorder of a written instrument properly executed by Declarant, the duly authorized Chairman of the San Miguel County Board of Commissioners, and the Mayor of the Town of Mountain Village;

(b) Declarant and Town of Mountain Village: Nothing to the contrary withstanding, the covenants, agreements, conditions, reservations, restrictions and charges created and established in Sections 2.2, 2.4, 2.5, 2.9, 2.10, 2.11, 2.22, 2.27, 3.6, 3.11, 3.19, 3.28, 7.9, 7.11, 7.12, 7.16, 7.17, 7.18, 7.21, 8.6, 8.8, 9.3, 10.3, and 11.16(b) for the benefit of the parties named herein and the Telluride Mountain Village may only be changed, waived, terminated, modified, supplemented, or annulled by the Declarant and the Town of Mountain Village upon their mutual agreement. The waiver, change, termination, modification, supplementation or annulment shall become effective upon the recordation in the office of the San Miguel County Clerk and Recorder of a written instrument properly executed by Declarant and the Mayor of the Town of Mountain Village.

6. Section 11.17 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

11.17 [Reserved].

7. Section 11.18 is hereby deleted in its entirety and is replaced with the following:

11.18 Declarant's Continuing Responsibility: Telco may assign all, but not less than all, of its rights as Declarant under this General Declaration and the Master Plan and may delegate all, but not less than all, of the obligations, duties and responsibilities imposed upon Telco pursuant to this General Declaration and the Master Plan, to Telluride Mountain Village Resort Company, a Colorado non-profit corporation, doing business as, Mountain Village Metropolitan Services, Inc. ("Metro Services"). Upon such assignment and delegation, Telco shall be released from the obligations, duties and responsibilities imposed upon Telco pursuant to this General Declaration and the Master Plan, and Metro Services shall become responsible for all of Declarant's obligations, duties or responsibilities imposed upon Declarant pursuant to the Master Plan and this

General Declaration. Thereafter, if Metro Services assigns or delegates any obligations, duties or responsibilities imposed upon it pursuant to this General Declaration or the Master Plan, Metro Services shall nevertheless remain responsible for all such obligations, duties and responsibilities imposed upon Declarant pursuant to this General Declaration and the Master Plan.

THE TELLURIDE COMPANY, a Colorado corporation

By: Ronald D. Allred
Ronald D. Allred, Chairman

ATTEST:

KIM MONTGOMERY
KIM MONTGOMERY, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 26th day of July, 1999, by Ronald D. Allred, as Chairman of THE TELLURIDE COMPANY, and by KIM MONTGOMERY, as Secretary.

WITNESS my hand and official seal.

My commission expires: 9/21/2002




[Signature]
Notary Public

My Commission Expires 09/21/2002

BOARD OF COUNTY COMMISSIONERS OF SAN MIGUEL COUNTY, COLORADO

By 
ART GOODTIMES, Chairman

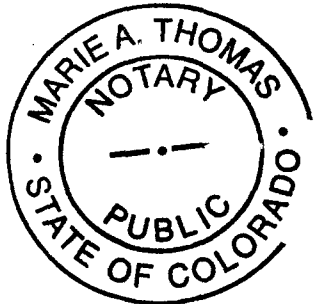
ATTEST: 
GAY CAPPIS, County Clerk and Recorder

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 21st day of July, 1999, by ART GOODTIMES, as Chairman of the San Miguel County Board of Commissioners, and by Gay Cappis, as County Clerk and Recorder.

WITNESS my hand and official seal.

My commission expires: 02/05/01



Marie A. Thomas
Notary Public

corresponding increase or decrease in the acreage of contiguous Active Open Space. The increase or decrease in acreage shall not affect the density of the Lot. Any adjustment requires the review of the DRB, and approval of Telski and the Town Council, and must take into consideration the impact on neighboring properties. The adjustment is a one time only increase or decrease and shall cause the "TF" designation to be removed. Any Lot line adjustments pursuant to the "TF" designation shall require the Lot to be replatted.

2-6 Building Official is the Town official responsible for administration and enforcement of all applicable building codes and the issuance of Building Permits.

2-7 Commercial designates a Lot or Condominium Unit which by right may be used for a broad range of commercial operations and services. Allowed retail and service operations include, but are not limited to, the following: sale of food, beverages, dry goods, furniture, appliances, bakery, automotive and vehicular equipment, hardware, sporting goods, clothing, building materials, garden supplies, equipment rental and plant materials, personal services establishments, including banks, barber and beauty shops, libraries and other civic facilities, laundry or dry-cleaning plants servicing individuals only, laundromat, mortuary, photo studio, shoe repair, tailor shop, bowling alley, electronic game center, restaurant, cocktail lounge, private reading club, theater, movie house, roller skating establishment, ice skating establishment and indoor recreation, general service establishments, including service of automobiles, vehicular rental and repair shops, hotel/motel/lodges, boarding and rooming houses, business and professional offices, arts and crafts studios, dental and medical clinics, employee housing, transportation systems, including all directly related structures and facilities.

2-8 Condominium Lot is a Lot which shall be used for the construction of Condominium Units. Condominium Lots which have six (6) or more Condominium Units have the right to provide a Commercial restaurant and bar.

2-9 Condominium Unit is an individual unit within a common interest community in which portions of the real estate are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of the separate ownership portions.

2-10 Density refers to the population equivalents that have been established for each type of dwelling unit or zoning designation as follows:

Zoning Designation	Density
Single Family	4.0
Subdividable Duplex	8.0
Non-Subdividable duplex	6.5
Condominium	3.0
Hotel	1.5
Hotel Efficiency	2.0
Employee Condominium	3.0
Employee Apartment	3.0
Employee Dorm	1.0
Lodge Unit	0.75
Efficiency Lodge Unit	0.50

Lot No.

27a
28
29a
29b
29c
29d
29e
29f
29g
33
34
35
37
38
41
42a
42b
43
50a
50b
50c
51
52
59
60ra
60rb
61r
61b
61cd
65
67
68
69r1
69r2
71r
73
76
77r
78r
79r
80r
81a
81b
81c
82r
83r
84r
85r
86r
87r
88r
105r
106r

Lot No.

- 108
- 109
- 110
- 129
- 129a1
- 129a2
- 161CR

rtion of

Open Space

- rtion of
- rtion of
- rtion of
- rtion of
- rtion of

- OS-3
- OS-3B
- OS-3C
- OS-4
- Roads in Village Core

Total Lots & Open Space 27.439 Acres

EXHIBIT E

**TWELFTH AMENDMENT TO THE GENERAL DECLARATION
FOR THE TELLURIDE MOUNTAIN VILLAGE
SAN MIGUEL COUNTY, COLORADO**

THIS TWELFTH AMENDMENT to the General Declaration for the **TELLURIDE MOUNTAIN VILLAGE**, San Miguel County, Colorado, is made this 28th day of July, 1999, by THE TELLURIDE COMPANY, a Colorado corporation, hereinafter referred to as "Telco".

WHEREAS, Telco, as Declarant, executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714, of the records of the Clerk and Recorder for San Miguel County, Colorado (the "General Declaration").

WHEREAS, Telco has filed in the office of the San Miguel County Clerk and Recorder the following amendments to the General Declaration:

<u>Document</u>	<u>Date of Recording</u>	<u>Book</u>	<u>Page</u>
First Amendment	June 20, 1985	419	597
Second Amendment	May 1, 1986	426	693
Third Amendment	July 20, 1988	445	522
Fourth Amendment	July 13, 1989	455	167
Fifth Amendment	February 7, 1991	474	833
Sixth Amendment	March 30, 1992	489	938
Seventh Amendment	March 30, 1992	489	964
Eighth Amendment	November 24, 1992	501	1022
Ninth Amendment	July 10, 1995	548	193
Tenth Amendment	July 24, 1997	584	344
Eleventh Amendment	_____	_____	_____

WHEREAS, Telco has assigned all of its rights as Declarant and delegated all of its obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan to the Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. ("Metro Services"), all in accordance with the Assignment from Telco to Metro Services of Telco's rights as Declarant under the General Declaration and Master Plan, attached hereto as **Exhibit-E-1** and incorporated herein by reference.

WHEREAS, Telco desires to make certain amendments to the General Declaration to recognize the assignment of Telco's rights as Declarant and the delegation of Telco's obligations, duties and responsibilities as Declarant to Metro Services.

WHEREAS, through its execution of this Twelfth Amendment, Metro Services desires to confirm its acceptance of the assignment of all of Telco's rights as Declarant and the delegation of all of Telco's obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan.

WHEREAS, through their execution of this Twelfth Amendment, the San Miguel County Board of Commissioners and the Town of Mountain Village desire to confirm their consent and agreement to this Twelfth Amendment.

NOW THEREFORE, in accordance with Section 11.16 of the General Declaration, and with the consent and agreement of the Town of Mountain Village and the San Miguel County Board of Commissioners, Telco does hereby amend the General Declaration as set forth below.

1. Section 2.2 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

2.2 Declarant: Declarant shall mean the Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. Any reference in the General Declaration and the Master Plan to Declarant is to Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc.

THE TELLURIDE COMPANY, a Colorado corporation

By Ronald D. Allred
RONALD D. ALLRED, Chairman

ATTEST:

KIM MONTGOMERY
KIM MONTGOMERY, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 20th day of July, 1999, by RONALD D. ALLRED, as Chairman of THE TELLURIDE COMPANY, and by KIM MONTGOMERY, as Secretary.

WITNESS my hand and official seal.

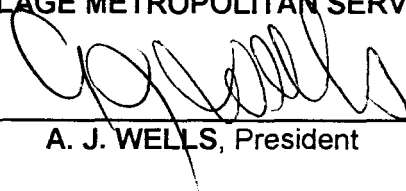
My commission expires: 9/21/2002



Molly S. Meyer
Notary Public

My Commission Expires 09/21/2002

TELLURIDE MOUNTAIN VILLAGE RESORT COMPANY,
INC., a Colorado non-profit corporation, d.b.a. MOUNTAIN
VILLAGE METROPOLITAN SERVICES, INC.

By: 
A. J. WELLS, President

ATTEST:


RUTHANN K. RUSSELL, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 28th day of July,
1999, by A. J. WELLS, as President of TELLURIDE MOUNTAIN VILLAGE RESORT
COMPANY, a Colorado non-profit corporation, d.b.a. as MOUNTAIN VILLAGE
METROPOLITAN SERVICES, INC., and by RUTHANN K. RUSSELL, as Secretary.

WITNESS my hand and official seal.

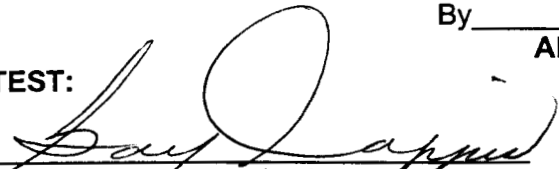
My commission expires: 5-4-2003


Notary Public

BOARD OF COUNTY COMMISSIONERS OF SAN MIGUEL COUNTY, COLORADO

By 
ART GOODTIMES, Chairman

ATTEST:



GAY CAPPIS, County Clerk and Recorder

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 26th day of July, 1999, by ART GOODTIMES, as Chairman of the San Miguel County Board of Commissioners, and by Gay Cappis, as County Clerk and Recorder.

WITNESS my hand and official seal.

My commission expires: 02/05/01


Notary Public



ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement") is entered into this 25th day of July, 1999 by and between The Telluride Company, a Colorado corporation ("Telco") and the Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. ("Metro Services").

RECITALS

- A. Telco, as Declarant, executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714 of the records of the Clerk and Recorder for San Miguel County, Colorado together with various supplements and amendments filed of record (the "General Declaration").
- B. Telco and Metro Services have agreed to have Metro Services replace Telco as Declarant under the General Declaration.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Telco and Metro Services agree as follows:

- 1. Telco hereby assigns all of its rights as Declarant and delegates all of its obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan (as defined in the General Declaration) to Metro Services.
- 2. Metro Services hereby assumes all of Telco's rights as Declarant and all of Telco's obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement intending it to be effective as of the date first set forth above.

THE TELLURIDE COMPANY

By: Ronald D. Allred
Ronald D. Allred, Chairman

MOUNTAIN VILLAGE METROPOLITAN SERVICES, Inc.

By: A.J. Wells
A.J. Wells, President

EXHIBIT F

**TOWN OF MOUNTAIN VILLAGE EMPLOYEE HOUSING RESTRICTION
REPLACING AND SUPERCEDING
SAN MIGUEL COUNTY R-1 HOUSING DEED RESTRICTION
ON EACH PARCEL OF REAL PROPERTY DESIGNATED AS
EMPLOYEE APARTMENT OR EMPLOYEE DORMITORY
ON THE
TOWN OF MOUNTAIN VILLAGE OFFICIAL LOT LIST**

Subject Property: (See Exhibit "F1" attached hereto and incorporated herein)

The use and occupancy of the Subject Property is hereby limited exclusively to such employees who are employed or can show intent to be employed within the Telluride R-1 School District and their spouses and children.

The foregoing restriction on use and occupancy constitutes a covenant that runs fifty (50) years from the date of recordation with the title to the Property as a burden thereon and shall be binding on the owner, and on the heirs, personal representatives, assigns, lessees and licensees and any transferee of the owner. The duration of this restriction and covenant shall extend for an initial period of fifty (50) years, and at the option of the Town Council of the Town, or its designee, may be extended for an additional period of fifty (50) years after public hearing and comment on the proposed extension. This restriction and covenant shall be administered by the Town Council, or its designee, and shall be enforceable by any appropriate legal or equitable action including but not limited to specific performance, injunction, abatement or eviction of non-complying owners, users or occupants, or such other remedies and penalties as may be provided by Colorado law or the ordinances of the Town.

During the initial fifty (50) year period of this restriction, the Town of Mountain Village shall maintain qualification and verification procedures for employee housing eligibility that are not less stringent than those in place as of the date hereof, a copy of which is attached hereto as Exhibit "F2".

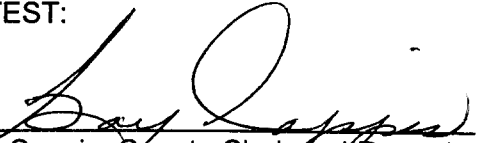
**THE TOWN OF MOUNTAIN VILLAGE EMPLOYEE HOUSING RESTRICTION
REPLACES AND SUPERCEDES THE SAN MIGUEL COUNTY R-1 HOUSING DEED
RESTRICTION ON THE SUBJECT PROPERTY.**

SAN MIGUEL COUNTY BOARD OF COMMISSIONERS



ART GOODTIMES, Chairman

ATTEST:



Gay Cappis, County Clerk and Recorder

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

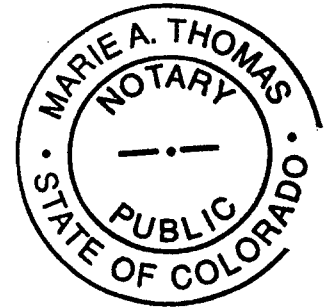
The foregoing instrument was acknowledged before me on the 21st day of July, 1999, by Art Goodtimes, as Chairman of the San Miguel County Board of Commissioners, and by Gay Cappis, as County Clerk and Recorder.

WITNESS my hand and official seal.

My commission expires: 02/05/01


Notary Public

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Page 1 of 4

Lot 17

Lot 17, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 28

Lot 28, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 30

Lot 30, Town of Mountain Village, Amendment to the Final Plat of Lots 11 and 30, Telluride Mountain Village, Filing 1, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 2139,
County of San Miguel, State of Colorado.

Lot 51

Lot 51, Town of Mountain village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 56A

Lot 56A, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 56B

Lot 56B, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 61 R

Lot 61 R, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Reception #322637
County of San Miguel, State of Colorado.

Lot 61C and Lot 61D (Replatted with Lot 61R)

Lot 61C and 61D, Town of Mountain Village, Amendment to the Final Plat of Lots 61C and 61D, Telluride Mountain Village, Filing 1, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 2148
County of San Miguel, State of Colorado.

Lot 62R (Replatted with Lot 61R)

Lot 62R, Town of Mountain Village, Amendment to the Final Plat of Lots 61C, 61D, and 62, Telluride Mountain Village, Filing 1, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 2148,
County of San Miguel, State of Colorado.

Lot 71R

Lot 71R, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in the Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 82R

Lot 82R, Town of Mountain Village, Amendment to the Final Plat of Lots 70, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 124 and Tract OS-3 of Filing 1, Telluride Mountain Village, and Lots 77, 105, 106, 107 and Tract OS-3A of Replat No. 3 of Filing 1, Telluride Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 2248,
County of San Miguel, State of Colorado.

Lot 122

Lot 122, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 123

Lot 123, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 158 R

Lot 158R Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 159 R

Lot 159R Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 160

Lot 160, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 161A

Lot 161A, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 161D

Lot 161D, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 165

Lot 165, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 166AR

Lot 166AR, Town of Mountain Village, Amendment to the Final Plat of Lot 166A of Filing 31, Telluride Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 2176,
County of San Miguel, State of Colorado.

Lot 600A

Lot 600A, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 639

Lot 639, Town of Mountain Village, Amendment to the Final Plat of Lot 639 of Filing 33, Telluride Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 1144,
County of San Miguel, State of Colorado.

Lot 640A

Lot 640A, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 640BR

Lot 640BR Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 2398-2401
County of San Miguel, State of Colorado.

Lot 640C

Lot 640C, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 640DR

Lot 640DR Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 2398-2401
County of San Miguel, State of Colorado.

Lot 642

Lot 642, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 644

Lot 644, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 645

Lot 645, Town of Mountain Village, Amendment to the Final Plat of Lot 645, Telluride Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 932,
County of San Miguel, State of Colorado.

Lot 647

Lot 647, Town of Mountain Village, Amendment to the Final Plat of Lot 647, Telluride Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 584 at page 347,
County of San Miguel, State of Colorado.

Lot 648

Lot 648, Town of Mountain Village, Amendment to the Final Plat of Lot 648, Telluride Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 1 at page 1761,
County of San Miguel, State of Colorado.

Lot 651A

Lot 651A, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 1001

Lot 1001, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Lot 1005

Lot 1005, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

Tract OSP35B

Tract OSP35B, Town of Mountain Village, according to the plat filed in the office of the Clerk and Recorder in Plat Book 2 at page 2073,
County of San Miguel, State of Colorado.

**ORDINANCE ADOPTING
TOWN OF MOUNTAIN VILLAGE EMPLOYEE HOUSING RESTRICTION
ORDINANCE NO. 1997-05**

AN ORDINANCE ADOPTING THE TOWN OF MOUNTAIN VILLAGE EMPLOYEE HOUSING RESTRICTION.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE,
the following:

SECTION 1: ADOPTION

I. TOWN OF MOUNTAIN VILLAGE EMPLOYEE HOUSING RESTRICTION

The following Town of Mountain Village Employee Housing Restriction (the "EHR") shall be imposed on each parcel of real property designated as "Employee Apartment" or "Employee Dormitory" on the Town of Mountain Village Official Lot List as recorded in the records of the San Miguel County Clerk and Recorder and as may be subsequently amended from time to time (the "Official Town Lot List"). The EHR shall replace and supercede the County R-1 Housing Deed Restriction on all such property.

A. Employee Housing Restriction

Subject Property: (Legal Description) ("the Property")

The use and occupancy of the Property is hereby limited exclusively to such employees who are employed or can show intent to be employed within the Telluride R-1 School and their spouses and children.

The foregoing restriction on use and occupancy constitutes a covenant that runs fifty (50) years from the date of recordation with the title to the Property as a burden thereon and shall be binding on the owner, and on the heirs, personal representatives, assigns, lessees and licensees and any transferee of the owner. The duration of this restriction and covenant shall extend for an initial period of fifty (50) years, and at the option of the Town Council of the Town, or its designee, may be extended for an additional period of fifty (50) years after public hearing and comment on the proposed extension. This restriction and covenant shall be administered by the Town Council, or its designee, and shall be enforceable by any appropriate legal or equitable action including but not limited to specific performance, injunction, abatement or eviction of non-complying owners, users or occupants, or such other remedies and penalties as may be provided by Colorado law or the ordinances of the Town.

B. Limitation on Amendments to Employee Housing Restriction

Although this Ordinance may be amended from time to time, the EHR recorded against a particular property may not be amended without the consent of the owner and

the Town Council of the Town, or its designee. Subsequent amendments to this Ordinance that are less restrictive than those in effect at the time when the EHR was recorded against a particular Affordable Housing unit shall apply to such unit. Subsequent amendments to this Ordinance that are more restrictive than those in effect at the time when the EHR was recorded against a particular Affordable Housing unit shall not be applied against the unit without the written consent of the then Owner, and upon such consent shall be recorded as an amendment to the EHR for the subject property.

II. GUIDELINES, RULES AND REGULATIONS GOVERNING AFFORDABLE HOUSING IN THE TOWN OF MOUNTAIN VILLAGE

C. Purpose

This Ordinance shall govern the ownership, use and occupancy of Affordable Housing in the Town, including all "Employee Apartment" and "Employee Dormitory" dwelling units (defined on the Official Town Lot List).

D. Definitions

1. Acknowledgment of Employee Housing Restriction shall mean that document executed by the Owner of Affordable Housing in which the Owner acknowledges and agrees to comply with the EHR.

2. Affordable Housing shall mean residential lots and dwelling units restricted by the EHR to use and occupancy by Employees and their spouses and children.

3. Certificate of Qualification shall mean that document in which the Town Council or its designee certifies an Occupant as an Employee according to the EHR.

4. Employee shall mean a person who is employed or can show intent to be employed within the Telluride R-1 School District and maintains Residence in the Town. The Town Council or its designee shall determine whether a person qualifies as an Employee based on criteria including evidence of income earned within the Telluride R-1 School District, place of voter registration, place of automobile registration, drivers license address, income tax records and public service involvement within the Telluride R-1 School District community. A person not otherwise meeting the definition of Employee may be qualified as an Employee by staff if that person is more than sixty (60) years of age and has been employed in the Telluride R-1 School District. Determination of Employee eligibility by the staff may be appealed to the Town Council or its designee.

5. Owner shall mean any person, group, organization, agency or other entity holding fee title to Affordable Housing. Notwithstanding the lack of limitation on ownership of Affordable Housing, the use and occupancy of Affordable Housing shall be limited to Employees and their spouses and children.

6. Property shall mean the real estate subject to the EHR and the improvements thereon.

7. Residence shall mean that home or place of abode in which a person's habitation is fixed and to which he, whenever absent, has the present intention of returning after a departure or absence therefrom, regardless of the duration of such absence. A Residence is a permanent building, or part thereof, including a house, condominium, Employee Apartment or Employee Dormitory.

E. Procedure for Qualifying Affordable Housing

Property becomes designated as Affordable Housing when the Town Council or its designee and the Owner of the Property execute and record with the Office of the Clerk and Recorder of San Miguel County a final plat containing the EHR or a separately recorded document imposing the EHR on the Property. Prior to the issuance of a Certificate of Occupancy for each "Employee Apartment" and "Employee Dormitory" unit, the Owner shall subject the unit to the EHR through proper execution and recordation of that document, as described in this Section.

F. Ownership, Use and Occupancy Regulations

1. The terms of this EHR shall constitute covenants running with the Property, as a burden thereon, for the benefit of, and shall be specifically enforceable by, the Town Council or its designee, by any appropriate legal action including but not limited to specific performance, injunction, eviction of non-complying owners and/or occupants, and/or by any of the enforcement and remedy provisions of this EHR.

2. Any person, group, organization, agency or other entity may own one or more Affordable Housing units. Ownership of Affordable Housing units shall be subject to the Owner limiting occupancy to qualified Employees. On or prior to assuming ownership of an Affordable Housing unit, the Owner shall execute and record an Acknowledgment of Employee Housing Restriction in the property records of San Miguel County.

3. Prior to occupancy of Affordable Housing by an Owner, the Owner must submit a standard application on forms provided by the Town Council or its designee, plus an application fee in an amount set by the Town Council or its designee.

G. Rental Regulations

1. Prior to occupancy of Affordable Housing by an Employee, the Employee must submit a standard application on forms provided by the Town Council or its designee, plus an application fee in an amount set by the Town Council or its designee.

2. A signed copy of the lease or other occupancy agreement must be provided to the Town Council or its designee prior to occupancy by an Employee, pursuant to this Section.

3. Nothing herein shall be construed to require the Town Council, its designee or any other entity to protect or indemnify an Owner against any loss attributable to rental, including but not limited to non-payment of rent or damage to Affordable Housing,

nor shall the Town Council, its designee or any other entity be responsible for locating an Employee to occupy Affordable Housing in the event that no Employee occupant is found by the owner.

H. Procedure for Selling Affordable Housing

1. In the event an Owner desires to sell Affordable Housing, the Owner may sell the unit himself or list and sell the unit through a real estate broker licensed in the State of Colorado.

2. As part of all sales and other transfers of Affordable Housing, an Acknowledgment of Housing Use and Occupancy, in which the Owner acknowledges and agrees to abide by all terms and conditions of the EHR shall be executed and recorded in the Office of the Clerk and Recorder of San Miguel County (in addition to recordation of the EHR on the appropriate plat for the Subject Property).

I. Violations

1. The Town Council or its designee may require at any time that an Owner verify within five (5) days of such request by the Town Council or its designee that:

- a. If Owner occupied, that the Owner is a qualified Employee; or
- b. Any particular tenant is a qualified Employee.

2. In the event an occupant of Affordable Housing does not or no longer qualifies as an Employee, the Town Council or its designee may require that occupant to:

- a. Vacate rental Affordable Housing within sixty (60) days, or requalify as an Employee within that period; or
- b. Vacate Affordable Housing he owns.

3. In the event a violation is discovered, the Town Council or its designee shall provide a written notice of violation to the Owner detailing the nature of the violation and allowing the Owner fifteen (15) days from the date of such written notification to remedy such violation. Said notice shall state that the Owner may request a hearing before the Town Council or its designee within the fifteen (15) day period to determine the merits of the allegations.

J. Remedies

There is hereby reserved to the Town Council or its designee any and all remedies provided by law, by the Home Rule Charter for the Town of Mountain Village, by the general ordinances of the Town and by the this Ordinance for violation of this Ordinance or any of its terms. In the event of litigation with respect to any or all

provisions of this Ordinance, the prevailing party in such litigation shall be entitled to recover damages and costs, including reasonable attorney's fees.

K. Foreclosure

The use and occupancy restrictions contained herein shall terminate in the event of foreclosure by the holder of the promissory note secured by a first deed of trust on the respective Affordable Housing and subject to the issuance of a public trustee's or sheriff's deed to the holder of the promissory note or governmental agency guaranteeing, insuring or acquiring the promissory note from the holder.

L. Notices

Any notice, consent or approval required under this Ordinance shall be provided in writing by certified mail, return receipt requested, properly addressed and with postage fully prepaid, to the Town Council or its designee at the address provided below or to the Owner at an address provided by that Owner at the time of qualifying Affordable Housing.

Address for the Town Council:

Town of Mountain Village, Town Council
P.O. Box 11162
Telluride, CO 81435

M. General Provisions

1. Further Actions. The parties to any Agreement contemplated under this Ordinance shall execute such further documents and take such further actions as may be reasonably required to carry out the provisions and intent of this Ordinance or any agreement or document relating hereto or entered into in connection herewith.

2. Gender and Number. Whenever the context so requires in this Ordinance, the neuter gender shall include any or all genders and vice versa, and the use of the singular shall include the plural and vice versa.

3. Non-discrimination. No Employee shall be discriminated against on the basis of race, national origin, sex, color, creed or physical infirmity.

4. Personal Liability. The Owner shall be personally liable for any violations of the provisions of this Ordinance.

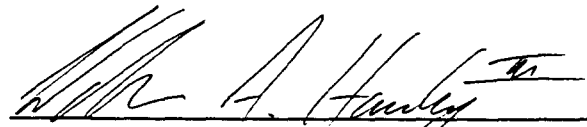
5. Severability. Whenever possible, each provision of this Ordinance shall be interpreted in such a manner as to be valid under applicable law; however, if any provision of any of the foregoing shall be invalid or prohibited under said applicable law, such provisions shall be ineffective to the extent of such invalidity or prohibition without invalidating any remaining provision.

6. Waiver. No claim of waiver, consent or acquiescence with respect to any provision of this Ordinance shall be valid against any party hereto, except on the basis of a written instrument executed by the parties to the EHR. However, the party for whose benefit a condition is inserted shall have the unilateral right to waive such condition.

SECTION 2: CERTIFICATION

THE TOWN CLERK SHALL PUBLISH NOTICE OF THIS ORDINANCE IN COMPLIANCE WITH THE HOME RULE CHARTER FOR THE TOWN OF MOUNTAIN VILLAGE.

PASSED BY THE TOWN COUNCIL AFTER PUBLIC HEARING AND SIGNED THIS 27th DAY OF MAY, 1997.


WILLIAM A. HANLEY, III, Mayor

ATTEST:


LINDA L. CHECK, Town Clerk

**TOWN OF MOUNTAIN VILLAGE
EMPLOYEE HOUSING RESTRICTION ACKNOWLEDGMENT**

THIS HOUSING RESTRICTION ACKNOWLEDGMENT is made and executed this ____ day of _____ 1998, by _____ ("Owner"), whose address is _____ Telluride, Colorado, for the benefit of the Town of Mountain Village and its successors and/or assigns, as it pertains to real property located within the Town of Mountain Village and more particularly described as follows:

Owner hereby acknowledges that he/she has been provided with a copy of the Town of Mountain Village Employee Housing Restriction (Ordinance No. 1997-05), that he/she is familiar with the provisions of said ordinance and that he/she acknowledges the provisions thereof and agrees to the bound thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Acknowledgment on the ____ day of _____, 1998.

OWNER:

TOWN OF MOUNTAIN VILLAGE

BY: GUY T. POULIN, Authorized Representative

STATE OF COLORADO)
) s.s.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me this ____ day of _____, 1998 by

Owner.

Witness my hand and official seal.
My commission expires:

Notary Public

STATE OF COLORADO)
) s.s.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me this ____ day of _____, 1998 by GUY T. POULIN AS AUTHORIZED AGENT OF THE MOUNTAIN VILLAGE HOUSING AUTHORITY.

Witness my hand and official seal.
My commission expires:

Notary Public

TOWN OF MOUNTAIN VILLAGE

MOUNTAIN VILLAGE EMPLOYEE HOUSING DEPARTMENT

415 Mountain Village Blvd. Ste #1
Telluride, CO 81435
(970) 728-9117
(970) 728-1318 (fax)

EMPLOYEE HOUSING QUESTIONNAIRE

For those persons intending to occupy employee housing in Mountain Village.

Complete this form and submit it with a \$50.00 nonrefundable application fee to the Mountain Village Employee Housing Department located at:

415 Mountain Village Boulevard
Mountain Village, Colorado

Present a driver's license or other acceptable proof of identification.

Complete the Employer/Employee Affidavit of employment (page 3).

Complete the following information:

1. Applicant(s)

Children: _____

Address: _____

Phone: _____

Age of primary applicant: _____ Gender: _____ Marital Status _____

2. Do you currently live in the Telluride R-1 School District? _____

3. For information purposes, how many years and months have you lived in the Telluride R-1 School District? _____.

4. For information purposes, if you, your spouse or your dependents own other property in the Telluride R-1 School District, list the type and location of each property (i.e., affordable housing, raw land, developed, commercial, etc.):

5. Current Employer: _____ Employer Phone #: _____

6. Date of Current Employment: _____.

7. How many years and months have you been employed within the Telluride R-1 School District? _____.

I hereby certify that all information provided above is to the best of my knowledge true and complete. I also give my permission to the Housing Department to make inquiries to verify any information provided herein.

Signature: _____ Date: _____.

J-10-01-11

EMPLOYEE HOUSING CERTIFICATE

EMPLOYER/EMPLOYEES AFFIDAVIT OF ELIGIBILITY TO OCCUPY EMPLOYEE HOUSING

Employer's Affidavit

I, _____, hereby declare that _____ is presently employed by _____ whose principal address of business is: _____, and further certify that the above named Employee is employed in the Telluride R-1 School District of San Miguel County and that employment of said Employee began on _____.

Signature: _____ Date: _____.

Employee's Affidavit

I, _____, hereby declare that I am presently employed by _____ whose principal address of business is: _____, and further certify that I am employed in the Telluride R-1 School District of San Miguel County and that my employment began on _____.

Signature: _____ Date: _____.

Affidavit of Employee Qualified by Virtue of Age and Residency

I, _____, hereby declare that I qualify as an Employee as defined in the Mountain Village Employee Housing Restriction Ordinance by being at least 60 years of age and by having resided in the Telluride R-1 School District of San Miguel County for at least five years.

Signature: _____ Date: _____.

Mountain Village Employee Housing Department Certification

The Mountain Village Employee Housing Department, after diligent review, finds that _____ is qualified as an Employee eligible to occupy Employee Housing, as defined in the Employee Housing Restriction Ordinance

Signature: _____ Date: _____.

Guy Poulin, Director

.EXHIBIT G

**ORDINANCE CLARIFYING THE OFFICIAL TOWN PLAT
TOWN OF MOUNTAIN VILLAGE, COLORADO
ORDINANCE NO. 1999-06**

AN ORDINANCE CLARIFYING THE TOWN OF MOUNTAIN VILLAGE OFFICIAL TOWN PLAT

WHEREAS, On March 10, 1995, an Official Town Plat was adopted by reference and made a part of the Home Rule Charter ("Charter") of the Town of Mountain Village ("Town").

WHEREAS, Section 12.3 of the Charter provides for amendment, repeal or superceding of the Official Town Plat by Ordinance adopted by the Town Council.

WHEREAS, on October 6, 1995, the Town recorded the Town of Mountain Village Official Town Map (the "1995 Town Plat") in Plat Book No. 1 at Page 1918 of the records of the Clerk and Recorder for the County of San Miguel, Colorado ("County"). The 1995 Town Plat incorporated by reference all applicable plats and legal descriptions of record in the County.

WHEREAS, on July 24, 1996, the Town recorded a revised Official Town Plat of the Town of Mountain Village in Plat Book No. 2 at Pages 2073-2082 in the records of the Clerk and Recorder for the County (the "1996 Town Plat").

WHEREAS, the 1996 Town Plat states that certain notes, definitions, designated uses, and other provisions set forth in the Final Plat for Telluride Mountain Village Filing 1 ("Filing 1 Plat"), recorded in Plat Book No. 1 in Pages 476 to 486, and set forth in the Final Plat for the Telluride Mountain Village, Filing 6, Phase 2 ("Filing 6 Plat"), recorded in Plat Book No. 1 at Pages 565 to 571, were deleted. The 1996 Town Plat also stated that these deletions were applicable to all previously recorded plats identified on sheets 5 through 10 of the 1996 Town Plat.

WHEREAS, on June 10, 1997, the Town enacted Ordinance No. 1997-07 in order to address platting changes occurring within the Town since its incorporation, to conform the Official Town Plat with the Official Map of the Town Street System, and to delete therefrom the Plat Notes and Definitions.

WHEREAS, on September 8, 1997, the Town recorded a revised Town of Mountain Village Official Town Plat (the "1997 Town Plat") in Plat Book No. 1, Pages 2281-2284 in the records of the Clerk and Recorder for the County.

WHEREAS, in enacting and recording the 1996 Town Plat, the 1997 Town Plat, and Ordinance No. 1997-07, it was the purpose and intent of the Town to delete the referenced provisions of the Filing 1 Plat and the Filing 6 Plat from the Official Town Plat only. It was not the intention or the purpose of the Town to delete the referenced provisions from the Filing 1 Plat or the Filing 6 Plat, as such provisions may constitute covenants, restrictions, conditions, or equitable servitudes which may run with the land and may be enforceable by owners of property within the Mountain Village P.U.D.

WHEREAS, the Town desires to enact and record this Ordinance for the purpose of clarifying the intent and effect of the Town's enactment and recording of the 1996 Town Plat, Town Ordinance No. 1997-07, and the 1997 Town Plat.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF MOUNTAIN VILLAGE, the following:

SECTION 1: The provisions of the 1996 Town Plat stating that specified provisions were deleted from the Final Plat for Telluride Mountain Village Filing No. 1, recorded in Plat Book 1, at Pages 476-486, were intended to and did delete those provisions only from the Town of Mountain Village Official Town Plat, but not from the Final Plat for the Telluride Mountain Village Filing No. 1, recorded in Plat Book No. 1 at Pages 476-486.

SECTION 2: The provisions of the 1996 Town Plat stating that provisions were deleted from the Final Plat for Telluride Mountain Village Filing No. 6, Phase 2, recorded in Plat Book 1, at Pages 565-571, were intended to and did delete those provisions only from the Town of Mountain Village Official Town Plat and not from the Final Plat for the Telluride Mountain Village Filing No. 6, Phase 2, recorded in Plat Book No. 1 at Pages 565-571.

SECTION 3: The provisions of Town Ordinance No. 1997-07 and the provisions of the 1997 Official Town Plat stating that Plat Notes and Definitions were deleted, was intended to and did delete those Plat Notes and Definitions only from the Official Town Plat, but not from the Final Plat for the Telluride Mountain Village Filing No. 1, recorded in Plat Book No. 1 at Pages 476-486, nor from the Final Plat for the Telluride Mountain Village Filing No. 6, Phase 2, recorded in Plat Book No. 1 at Pages 565-571.

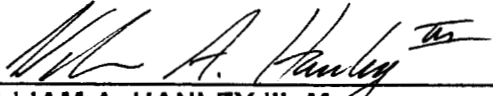
SECTION 4: The recording of the 1997 Town Plat, the enactment of Town Ordinance No. 1997-07, and the recording of the 1997 Town Plat was not intended to and did not affect the rights, if any, of property owners within Mountain Village P.U.D. to enforce such covenants, conditions, restrictions and equitable servitudes as may have been conferred upon such property owners in the Final Plat for the Telluride Mountain Village Filing No. 1, recorded in Plat Book No. 1 at Pages 476-486, in the Final Plat for the Telluride Mountain Village Filing No. 6, Phase 2, recorded in Plat Book No. 1 at Pages 565-571, or in any plats or replats which incorporate by reference the provisions of the Filing 1 Plat or the Filing 6 Plat.

SECTION 5: The provisions of this Ordinance shall apply to the Final Plat for the Telluride Mountain Village, Filing 1, recorded in Plat Book 1, at pages 476 to 486, the Final Plat for the Telluride Mountain Village, Filing 6, Phase II, recorded in Plat Book 1 at pages 565 to 571, all plats and replats which incorporate by reference the provisions of the Filing 1 Plat or the Filing 6 Plat, the 1996 Town Plat recorded in Plat Book No. 2 at Pages 2073-2082, all recorded plats identified on sheets 5 through 10 of the 1996 Town Plat, and to the 1997 Town Plat.

SECTION 6: CERTIFICATION

THE TOWN CLERK SHALL PUBLISH NOTICE OF THIS ORDINANCE IN COMPLIANCE WITH THE HOME RULE CHARTER FOR THE TOWN OF MOUNTAIN VILLAGE.

PASSED BY THE TOWN COUNCIL AFTER PUBLIC HEARING AND SIGNED THIS
27th DAY OF July, 1999.



WILLIAM A. HANLEY III, Mayor

ATTEST:



LINDA L. CHECK, Town Clerk



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EXHIBIT H

**RESOLUTION OF THE TOWN COUNCIL
TOWN OF MOUNTAIN VILLAGE, COLORADO
GENERAL DECLARATION FOR THE TELLURIDE MOUNTAIN VILLAGE**

Resolution No. 1999- 0622-18

WHEREAS, The Telluride Company, a Colorado corporation, (the "Declarant") executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714, of the records of the Clerk and Recorder for San Miguel County, Colorado, (the "General Declaration"), and;

WHEREAS, the Declarant has subsequently, from time to time, amended the General Declaration, in the First through Ninth Amendments thereto, and;

WHEREAS, on July 24, 1997, Declarant recorded a Tenth Amendment to the General Declaration in Book 584 at Page 344 of the records of the Clerk and Recorder for San Miguel County, Colorado ("Tenth Amendment"), and;

WHEREAS, on May 27, 1997, the Town Council, by Resolution No. 1997-0527-14, approved the Tenth Amendment to the General Declaration, and;

WHEREAS, Declarant desires to file an Eleventh Amendment and a Twelfth Amendment to the General Declarations in the form attached hereto, which shall, among other things, rescind and annul the Tenth Amendment to the General Declaration, modify various provisions of the General Declaration and substitute Mountain Village Metropolitan Services, Inc. for The Telluride Company as "Declarant" under this General Declaration, and;

WHEREAS, the Town Council desires to approve the Eleventh Amendment and Twelfth Amendment to the General Declaration and to repeal and annul Town Council Resolution No. 1997-0527-14.

NOW THEREFORE, BE IT RESOLVED, that the Eleventh Amendment to the General Declaration for the Telluride Mountain Village in the form attached to this Resolution, is hereby approved.

AND BE IT FURTHER RESOLVED, that the Twelfth Amendment to the General Declaration for the Telluride Mountain Village in the form attached to this Resolution, is hereby approved.

AND BE IT FURTHER RESOLVED, that Town Council Resolution No. 1997-0527-14 is hereby repealed and annulled.

AND BE IT FURTHER RESOLVED, the Mayor is authorized to attach his approval signature hereto as attested by the Town Clerk.

This Resolution is adopted by the Town Council, Town of Mountain Village, at its regular town council meeting on June 22nd, 1999.

TOWN OF MOUNTAIN VILLAGE

By: 
WILLIAM A. HANLEY III, Mayor

ATTEST:


LINDA L. CHECK, Town Clerk



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EXHIBIT I

RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS
SAN MIGUEL COUNTY, COLORADO
CONCERNING APPROVAL OF THE ELEVENTH AND TWELFTH AMENDMENTS TO THE
GENERAL DECLARATION FOR THE TELLURIDE MOUNTAIN VILLAGE

Resolution No. 1999- 26

WHEREAS, The Telluride Company, a Colorado corporation, (the "Declarant") executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714, of the records of the Clerk and Recorder for San Miguel County, Colorado, (the "General Declaration"), and;

WHEREAS, the Declarant has subsequently, from time to time, amended the General Declaration, in the First through Ninth Amendments thereto, and;

WHEREAS, on July 24, 1997, Declarant recorded a Tenth Amendment to the General Declaration in Book 584 at Page 344 of the records of the Clerk and Recorder for San Miguel County, Colorado ("Tenth Amendment") which purported to substitute the Town of Mountain Village Town Council for the San Miguel County Board of Commissioners regarding the authority to approve amendments to certain specified provisions of the General Declaration, without having first obtained the consent of the Board of County Commissioners to such an amendment, as provided for in section 11.16 of the General Declaration, and;

WHEREAS, on May 27, 1997, the Town of Mountain Village Town Council, by Resolution No. 1997-0527-14, approved the Tenth Amendment to the General Declaration, and;

WHEREAS, Declarant desires to file an Eleventh Amendment to the General Declaration in the form attached hereto which shall, among other things, rescind and annul the Tenth Amendment to the General Declaration, and;

WHEREAS, the Board of County Commissioners, pursuant to section 11.16 of the General Declaration, hereby finds and determines that it is appropriate to approve the Eleventh Amendment to the General Declaration, and;

WHEREAS, Declarant desires to file a Twelfth Amendment to the General Declaration in the form attached hereto which shall, among other things, assign all of its rights and delegate all of its obligations, duties and responsibilities under the General Declaration and the Master Plan to the Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. ("Metro Services"), and;

WHEREAS, the Board of County Commissioners, pursuant to section 11.16 of the General Declaration, hereby finds and determines that it is appropriate to approve the Twelfth Amendment to the General Declaration, and;


NOW THEREFORE, BE IT RESOLVED, that the Eleventh and Twelfth Amendments to the General Declaration for the Telluride Mountain Village in the form attached to this Resolution, as Exhibits "I-1" and "I-2", are hereby approved.

AND BE IT FURTHER RESOLVED, the Chair of the San Miguel County Board of Commissioners is authorized to attach his approval signature hereto, as attested by the Deputy County Clerk, ex-officio clerk to the Board of County Commissioners.

This Resolution is done and adopted by the San Miguel County Board of Commissioners at Telluride, Colorado, on July 21, 1999.

**BOARD OF COUNTY COMMISSIONERS
SAN MIGUEL COUNTY, COLORADO**

By:  _____
ART GOODTIMES, Chair

ATTEST: 

Gay Cappis, County Clerk & Recorder

EXHIBIT D

ELEVENTH AMENDMENT TO THE GENERAL DECLARATION
FOR THE TELLURIDE MOUNTAIN VILLAGE
SAN MIGUEL COUNTY, COLORADO

THIS ELEVENTH AMENDMENT to the General Declaration for the TELLURIDE MOUNTAIN VILLAGE, San Miguel County, Colorado, is made this 28th day of July, 1999, by THE TELLURIDE COMPANY, a Colorado Corporation ("Telco").

WHEREAS, Telco, as Declarant, executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714, of the records of the Clerk and Recorder for San Miguel County, Colorado (the "General Declaration").

WHEREAS, Telco has filed in the office of the San Miguel County Clerk and Recorder the following amendments to the General Declaration:

<u>Document</u>	<u>Date of Recording</u>	<u>Book</u>	<u>Page</u>
First Amendment	June 20, 1985	419	597
Second Amendment	May 1, 1986	426	693
Third Amendment	July 20, 1988	445	522
Fourth Amendment	July 13, 1989	455	167
Fifth Amendment	February 7, 1991	474	833
Sixth Amendment	March 30, 1992	489	938
Seventh Amendment	March 30, 1992	489	964
Eighth Amendment	November 24, 1992	501	1022
Ninth Amendment	July 10, 1995	548	193
Tenth Amendment	July 24, 1997	584	344

WHEREAS, Declarant desires to make certain amendments to the General Declaration.

WHEREAS, through their execution of this Eleventh Amendment, the San Miguel County Board of Commissioners and the Town of Mountain Village desire to confirm their consent and agreement to the Eleventh Amendment.

NOW THEREFORE, in accordance with Section 11.16 of the General Declaration, and with the consent and agreement of the Town of Mountain Village (the "Town") and the San Miguel County Board of Commissioners (the "County"), Declarant does hereby amend the General Declaration as set forth below.

1. The Tenth Amendment to the General Declaration for the Telluride Mountain Village, San Miguel County, Colorado is hereby rescinded and annulled
2. Section 7.13 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

7.13 Restriction on Solid Fuel Burning Devices: The number of permits for wood-burning fireplaces or other Solid Fuel Burning Devices shall be limited to one hundred (100) plus the number of permits actually issued by San Miguel County prior to March 10, 1995 (which the County believes is ninety-four (94)).

3. Section 9.1 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

9.1 Density Limitation: The total Density within the boundaries of the original PUD, as described on the "Zoning Map and Preliminary Plat - Master Plan," as approved by the San Miguel County Board of Commissioners on December 17, 1992 and recorded in the real estate records of the San Miguel County Clerk and Recorder's Office at Reception #282099, Plat Book #2, pages 1386 - 1397, on January 7, 1993, ("Original P.U.D.") either platted or banked is 8,027 (8,015 persons from the original P.U.D. and 12 persons of bonus Employee Density). Density Transfers, Platting/Replatting, and Zoning/Rezoning shall not increase the total density above that cap, except to allow for the creation of additional Multi-Unit Employee Housing, subject to the Town of Mountain Village Employee Housing Restriction. Density allocations for specific uses and parcels within the area encompassed by the Original P.U.D. shall be determined as set forth in section 2-10 of the Town of Mountain Village Land Use Ordinance as in effect on March 31, 1999, a copy of which is attached hereto as **Exhibit D-1**.

4. Section 9.2 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

9.2 Open Space: Active and Passive Open Space shall be preserved as to acreage and general location, as it presently exists in the Town, and as it is shown on the Town Open Space Map, dated June 16, 1999 and recorded in Book 1, at Page 2603, in the records of the Clerk and Recorder for San Miguel County, subject to an approved but not yet recorded replat of Lots 161A, 161A-1, 161B and 161D. Platted Open Space within the Original P.U.D. shall not be less than sixty percent (60%) of the total acreage within the Original P.U.D., exclusive of the Village Core, which consists of those parcels of real property described on **Exhibit D-2**, a copy of which is attached hereto and incorporated herein by reference, as verified by the Town Open Space Recap dated April 16, 1999 and recorded at Reception No. 328115 in the records of the Clerk and Recorder for San Miguel County. Passive Open Space within the Original P.U.D. shall not be reduced below the one hundred fifty one and three hundred thirty four thousandths (151.334) acres platted as of July 1, 1999 within the Original P.U.D., but Active Open Space may be reduced if it is replatted as Passive Open Space. Lot line adjustments that affect Open Space are permitted, subject to approval of the Town Council of the Town of Mountain Village and the owner(s) of the affected property, but only to the extent there is no net loss of Open Space within the Original P.U.D.

5. Section 11.16 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

11.16 Additions, Modifications or Annulment of Declaration.

(a) Declarant, San Miguel County and Town of Mountain Village: Nothing to the contrary withstanding, the covenants, agreements, conditions, reservations, restrictions and charges created and established in Sections 2.1, 2.16, 2.18, 2.20, 2.21, 2.25, 2.26, 2.28, 5.3, 5.4, 5.5, 7.13, 9.1, 9.2, 10.1, 10.2, 11.16(a), 11.18, and 11.19 for the benefit of the parties named herein, San Miguel County and the Telluride Mountain Village may only be changed, waived, terminated, modified, supplemented, or annulled by the Declarant, San Miguel County and the Town of Mountain Village upon their mutual agreement. The waiver, change, termination, modification, supplementation or annulment shall become effective upon the recordation in the office of the San Miguel County Clerk and Recorder of a written instrument properly executed by Declarant, the duly authorized Chairman of the San Miguel County Board of Commissioners, and the Mayor of the Town of Mountain Village;

(b) Declarant and Town of Mountain Village: Nothing to the contrary withstanding, the covenants, agreements, conditions, reservations, restrictions and charges created and established in Sections 2.2, 2.4, 2.5, 2.9, 2.10, 2.11, 2.22, 2.27, 3.6, 3.11, 3.19, 3.28, 7.9, 7.11, 7.12, 7.16, 7.17, 7.18, 7.21, 8.6, 8.8, 9.3, 10.3, and 11.16(b) for the benefit of the parties named herein and the Telluride Mountain Village may only be changed, waived, terminated, modified, supplemented, or annulled by the Declarant and the Town of Mountain Village upon their mutual agreement. The waiver, change, termination, modification, supplementation or annulment shall become effective upon the recordation in the office of the San Miguel County Clerk and Recorder of a written instrument properly executed by Declarant and the Mayor of the Town of Mountain Village.

6. Section 11.17 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

11.17 [Reserved].

7. Section 11.18 is hereby deleted in its entirety and is replaced with the following:

11.18 Declarant's Continuing Responsibility: Telco may assign all, but not less than all, of its rights as Declarant under this General Declaration and the Master Plan and may delegate all, but not less than all, of the obligations, duties and responsibilities imposed upon Telco pursuant to this General Declaration and the Master Plan, to Telluride Mountain Village Resort Company, a Colorado non-profit corporation, doing business as, Mountain Village Metropolitan Services, Inc. ("Metro Services"). Upon such assignment and delegation, Telco shall be released from the obligations, duties and responsibilities imposed upon Telco pursuant to this General Declaration and the Master Plan, and Metro Services shall become responsible for all of Declarant's obligations, duties or responsibilities imposed upon Declarant pursuant to the Master Plan and this

General Declaration. Thereafter, if Metro Services assigns or delegates any obligations, duties or responsibilities imposed upon it pursuant to this General Declaration or the Master Plan, Metro Services shall nevertheless remain responsible for all such obligations, duties and responsibilities imposed upon Declarant pursuant to this General Declaration and the Master Plan.

THE TELLURIDE COMPANY, a Colorado corporation

By: Ronald D. Allred
Ronald D. Allred, Chairman

ATTEST:

KIM MONTGOMERY
KIM MONTGOMERY, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 21st day of July, 1999, by Ronald D. Allred, as Chairman of THE TELLURIDE COMPANY, and by KIM MONTGOMERY, as Secretary.

WITNESS my hand and official seal.

My commission expires: 8/31/2002

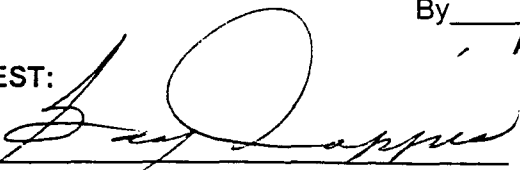


Molly Sills
Notary Public

Commission Expires 09/21/2002

BOARD OF COUNTY COMMISSIONERS OF SAN MIGUEL COUNTY, COLORADO

By 
ART GOODTIMES, Chairman

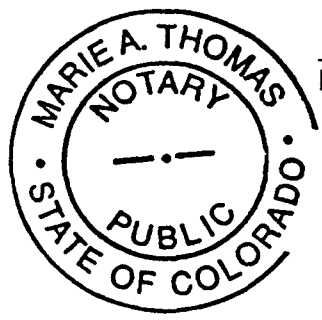
ATTEST: 
GAY CAPPIS, County Clerk and Recorder

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 21st day of July, 1999, by ART GOODTIMES, as Chairman of the San Miguel County Board of Commissioners, and by Gay Cappis, as County Clerk and Recorder.

WITNESS my hand and official seal.

My commission expires: 02/05/01



Marie A. Thomas
Notary Public

EXHIBIT E

TWELFTH AMENDMENT TO THE GENERAL DECLARATION
FOR THE TELLURIDE MOUNTAIN VILLAGE
SAN MIGUEL COUNTY, COLORADO

THIS TWELFTH AMENDMENT to the General Declaration for the TELLURIDE MOUNTAIN VILLAGE, San Miguel County, Colorado, is made this 28th day of July, 1999, by THE TELLURIDE COMPANY, a Colorado corporation, hereinafter referred to as "Telco".

WHEREAS, Telco, as Declarant, executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714, of the records of the Clerk and Recorder for San Miguel County, Colorado (the "General Declaration").

WHEREAS, Telco has filed in the office of the San Miguel County Clerk and Recorder the following amendments to the General Declaration:

<u>Document</u>	<u>Date of Recording</u>	<u>Book</u>	<u>Page</u>
First Amendment	June 20, 1985	419	597
Second Amendment	May 1, 1986	426	693
Third Amendment	July 20, 1988	445	522
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Seventh Amendment	March 30, 1992	489	964
Eighth Amendment	November 24, 1992	501	1022
Ninth Amendment	July 10, 1995	548	193
Tenth Amendment	July 24, 1997	584	344
Eleventh Amendment	_____	_____	_____

WHEREAS, Telco has assigned all of its rights as Declarant and delegated all of its obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan to the Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. ("Metro Services"), all in accordance with the Assignment from Telco to Metro Services of Telco's rights as Declarant under the General Declaration and Master Plan, attached hereto as **Exhibit-E-1** and incorporated herein by reference.

WHEREAS, Telco desires to make certain amendments to the General Declaration to recognize the assignment of Telco's rights as Declarant and the delegation of Telco's obligations, duties and responsibilities as Declarant to Metro Services.

WHEREAS, through its execution of this Twelfth Amendment, Metro Services desires to confirm its acceptance of the assignment of all of Telco's rights as Declarant and the delegation of all of Telco's obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan.

WHEREAS, through their execution of this Twelfth Amendment, the San Miguel County Board of Commissioners and the Town of Mountain Village desire to confirm their consent and agreement to this Twelfth Amendment.

NOW THEREFORE, in accordance with Section 11.16 of the General Declaration, and with the consent and agreement of the Town of Mountain Village and the San Miguel County Board of Commissioners, Telco does hereby amend the General Declaration as set forth below.

1. Section 2.2 of the General Declaration is hereby deleted in its entirety and is replaced with the following:

2.2 Declarant: Declarant shall mean the Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. Any reference in the General Declaration and the Master Plan to Declarant is to Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc.

THE TELLURIDE COMPANY, a Colorado corporation

By Ronald D. Allred
RONALD D. ALLRED, Chairman

ATTEST:

KIM MONTGOMERY
KIM MONTGOMERY, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 10th day of July, 1999, by RONALD D. ALLRED, as Chairman of THE TELLURIDE COMPANY, and by KIM MONTGOMERY, as Secretary.

WITNESS my hand and official seal.

My commission expires: 9/21/2002

[Signature]
Notary Public



Commission Expires 09/21/2002

TELLURIDE MOUNTAIN VILLAGE RESORT COMPANY, INC., a Colorado non-profit corporation, d.b.a. MOUNTAIN VILLAGE METROPOLITAN SERVICES, INC.

By: [Signature]
A. J. WELLS, President

ATTEST:

[Signature]
RUTHANN K. RUSSELL, Secretary

STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 28th day of July, 1999, by A. J. WELLS, as President of TELLURIDE MOUNTAIN VILLAGE RESORT COMPANY, a Colorado non-profit corporation, d.b.a. as MOUNTAIN VILLAGE METROPOLITAN SERVICES, INC., and by RUTHANN K. RUSSELL, as Secretary.

WITNESS my hand and official seal.

My commission expires: 5-4-2003

[Signature]
Notary Public

BOARD OF COUNTY COMMISSIONERS OF SAN MIGUEL COUNTY, COLORADO

By 
ART GOODTIMES, Chairman

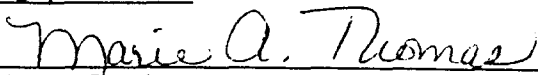
ATTEST: 
GAY CAPPIS, County Clerk and Recorder

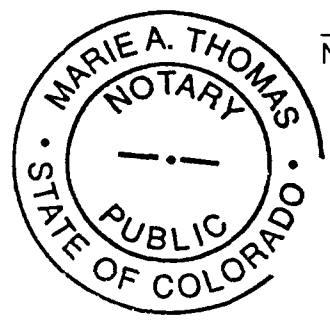
STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 21st day of July, 1999, by ART GOODTIMES, as Chairman of the San Miguel County Board of Commissioners, and by Gay Cappis, as County Clerk and Recorder.

WITNESS my hand and official seal.

My commission expires: 02/05/01


Notary Public



TOWN OF MOUNTAIN VILLAGE, COLORADO, a
Colorado home rule municipality

By *William A. Hanley III*
WILLIAM A. HANLEY, III, Mayor

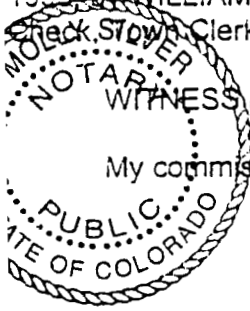
ATTEST:

Linda L. Check
LINDA L. CHECK, Town Clerk



STATE OF COLORADO)
) ss.
COUNTY OF SAN MIGUEL)

The foregoing instrument was acknowledged before me on the 28th day of July, 1999, by WILLIAM A. HANLEY, III, Mayor, of the Town of Mountain Village, and by Linda L. Check, Town Clerk.



WITNESS my hand and official seal.

My commission expires: 9/21/2002

[Signature]
Notary Public

Commission Expires 09/21/2002

G:\s\sanmigco\MV\SETTLEMN\Finals\12th-Amend 07-16.doc [printed 7/16/99]

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement") is entered into this 28th day of July, 1999 by and between The Telluride Company, a Colorado corporation ("Telco") and the Telluride Mountain Village Resort Company, a Colorado non-profit corporation doing business as Mountain Village Metropolitan Services, Inc. ("Metro Services").

RECITALS

- A. Telco, as Declarant, executed and recorded the General Declaration for the Telluride Mountain Village in Book 409 at Page 714 of the records of the Clerk and Recorder for San Miguel County, Colorado together with various supplements and amendments filed of record (the "General Declaration").
- B. Telco and Metro Services have agreed to have Metro Services replace Telco as Declarant under the General Declaration.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Telco and Metro Services agree as follows:

- 1. Telco hereby assigns all of its rights as Declarant and delegates all of its obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan (as defined in the General Declaration) to Metro Services.
- 2. Metro Services hereby assumes all of Telco's rights as Declarant and all of Telco's obligations, duties and responsibilities as Declarant under the General Declaration and the Master Plan.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement intending it to be effective as of the date first set forth above.

THE TELLURIDE COMPANY

By: Ronald D. Allred
Ronald D. Allred, Chairman

MOUNTAIN VILLAGE METROPOLITAN SERVICES, Inc.

By: A.J. Wells
A.J. Wells, President