



455 Mountain Village Blvd. Mountain Village, CO 81435
(970) 369-8606

TO: DRB
FROM: Molly Norton, Community Engagement Coordinator
J.D. Wise, Economic Development & Sustainability Director
DATE: February 21, 2024
RE: **Madeline Ice Rink Management Agreement – Major PUD Amendment Application**

SUMMARY

The Town has been working with the Madeline Hotel & Residences to renegotiate the ice rink lease and management agreement. The Town owns and maintains the ice rink under the Ice Rink Easement Agreement and has historically done so at a significant loss. The Town seeks to execute a new ice rink lease and management agreement with the Madeline with the inclusion of the below terms, which necessitates a major PUD amendment application. The proposed terms for this new agreement envision an equitable share of revenues/losses once both entities costs are covered.

PROPOSED ICE RINK AGREEMENT TERMS:

- Madeline allowed up to 8 private events each ice season.
 - Blackout dates December 20 – January 5, Friday – Monday of MLK weekend, Friday – Monday of Presidents weekend.
- TMV allowed up to 6 public events – same blackout dates apply.
- Free public skating for anyone who brings their own skates.
- Madeline guests under 12 can receive a token for a free skate rental during their stay.
- Town commits to remodeling the public restrooms (already an obligation of the Town under the Development Agreement) in the TMV civic condominium to current remodel standards. Madeline contractor will perform all work and Madeline will bill the town for the remodel costs up to \$355,000.
- Town and Madeline to split the 2022 overage cost for the fountain water room 50/50 (\$16,700 total overage amount).
- Town will amend the OS1A MVB Conveyance Agreement to re-state Madeline’s obligation to provide one full replacement of the ice rink shade structure not to exceed the \$110,000 obligation in the current agreement and removing the obligation for excess funds to be used for additional R&M purposes. Madeline has already contributed ~\$25,000 for the initial system.
 - Parties agree to communicate the need for a new system no less than 6 months in advance of the ice season to allow reasonable time for budgeting purposes.
- Madeline shall be allowed up to two “social purpose” days where 100% of net proceeds are donated to a 501(c)(3) of Madeline’s choice. Madeline shall confer with the Town for selection of the 501(c)(3).
- Town shall be allowed up to two “social purpose” days same as above with proceeds benefiting a local non-profit.
- Madeline and Town will split net profit or loss on the ice rink 50/50:
 - Net profits accounting for all revenues minus actual operating expenses (labor, equipment lease, etc.) for both parties.
 - Not to include capital improvements, equipment purchases, new skates, etc.
- Parties are working in good faith to bring through a PUD amendment and subsequently execute this agreement. If the PUD amendment is approved, this arrangement would go into effect retroactive to the 2022/2023 ice season and payment shall be made in arrears for the 2022/23 and 2023/24 ice seasons.



BACKGROUND:

In the original PUD for the Madeline Hotel & Residences, the ice rink at Reflection Plaza was built as a public benefit. The Town owns and maintains the ice rink and has engaged various operators over the years to handle day-to-day operations of the rink and associated skate center. In recent years the Madeline has operated the rink under the ‘Commercial Lease and Management Agreement Mountain Village Ice Rink and Skate Center’ which expired in 2022.

In November 2022 the Town and the Madeline entered into a short-term Ice Rink Lease Agreement establishing a desire by both parties to renegotiate a long-term agreement to realize the ice rink’s full potential.

In the previous agreement, the Town received a revenue share of 5% of gross revenues and was responsible for utility costs and the day-to-day maintenance of the ice surface. For the 2022/2023 season, this would have resulted in revenues of \$4,340 paid to the Town, with expenses of \$69,697 in labor and utility costs for a net loss of **(\$65,357)**. Meanwhile, the Madeline would have realized a net profit of \$51,451.

In the agreement purposed in this major PUD amendment, the Town and the Madeline would share in any profits or losses equally, with profits only being realized once both entities costs had been recovered. For the 2022/2023 ice season, overall costs were not met, and each entity would realize a loss of **(\$6953)**. Moving forward, the Madeline is confident that they will continue to drive use of the rink and, along with the ability to sell the ice rink for private rentals, will generate modest profits in the coming season.

PROPOSED Reflection Plaza Ice Rink Agreement		
Based on 22/23 Winter Season		
Revenue (22/23)	Costs	Profit/Loss
\$86,791	\$100,697	(\$13,906)
TMV	\$69,697	(\$6,953)
Madeline	\$31,000	(\$6,953)

PREVIOUS Reflection Plaza Ice Rink Agreement			
Based on 22/23 Winter Season			
	Revenue (22/23)	Costs	Profit/Loss
	\$86,791	\$100,697	(\$13,906)
TMV (5% of reveune)	\$4,340	\$69,697	(\$65,357)
Madeline	\$82,451	\$31,000	\$51,451

CRITERIA FOR DECISION:

Section 17.4.12(E):

Criteria for Decision. The following criteria shall be met for the review authority to approve a rezoning to



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the PUD Zone District, along with the associated PUD development agreement:

1. The proposed PUD is in general conformity with the policies, principles and standards set forth in the Comprehensive Plan;

The Comprehensive Plan's Open Space and Recreation Vision emphasizes the importance of recreation activities and facilities in our community. The policies and principles in 3E of the Comprehensive Plan outline that "II. Mountain Village continues to work with regional partners to provide a world-class recreational experience." Furthermore, 3.II.B. & C. outline the need to strengthen and forge new partnerships and to provide residents and visitors with diverse and exciting recreational opportunities.

As demonstrated in this application and the new agreement, Town looks to continue to work with the Madeline, our local partner, to provide the day-to-day management of the ice skating operations. The application seeks to enhance the partnership and community benefit with Town's commitment to work with Madeline on a cost-savings approach to remodel the public restrooms and improve the quality of those facilities as well as opportunities for "social purpose" days for local non-profits. The Madeline has proven to be a valuable partner in providing the staffing and skate equipment for the ice rink. They continue to invest in events to promote and enhance the guest experience, including an alpenglow projection show on the ice for the 2023/2024 winter season.

Lastly, the Community Facilities Vision states, "Mountain Village maintains progressive, sustainable, and responsive public services and community facilities." With the new agreement under this PUD amendment, Town will realize meaningful revenues to support the operation and maintenance of this important community facility. Additionally, the facility becomes more accessible to the public, with free skating allowed during all operating hours when participants bring their own skates.

2. The proposed PUD is consistent with the underlying zone district and zoning designations on the site or to be applied to the site unless the PUD is proposing a variation to such standards;

No changes to zone district or zoning designations are proposed as part of this application.

3. The development proposed for the PUD represents a creative approach to the development, use of land and related facilities to produce a better development than would otherwise be possible and will provide amenities for residents of the PUD and the public in general;

No new development is proposed as part of this application. The new terms of the commercial lease and management agreement provide a creative approach to sharing revenue after outlined costs are covered; enabling Town to pay for the costs of operating and maintaining the facility with rental revenues rather than taxpayer dollars. Additionally, the new agreement provides an opportunity for a limited number of private rentals to help generate increased revenue (a practice commonly utilized at similar public facilities) as well as the opportunity for ice skating revenues to assist in benefiting non-profit organizations.

4. The proposed PUD is consistent with and furthers the PUD purposes and intent;

The PUD amendment continues to provide the ice rink as a public benefit as outlined in the original PUD and provides for a replacement of the sunshade system as outlined in the OS1A MVB Conveyance Agreement not to exceed the costs originally outlined in the original agreement. The Town remains responsible for costs of maintaining the rink per the Ice Rink Systems Easement Agreement, but with the ability now to fund those costs with the ice skate rink revenues.



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5. The PUD meets the PUD general standards;

This PUD amendment meets the PUD general standards as outlined in 17.4.12(l) of the CDC:

1. *Authority to Initiate.* The Town of Mountain Village, under its authority in the CDC, is bringing this application forward.
2. *Eligible Property.* Lot 38-50-51R is an eligible property.
3. *Minimum PUD Size.* Not applicable to this application.
4. *Minimum Density.* Not applicable to this application.
5. *Rezoning Ordinance Required.* Not applicable to this application.
6. *Prior-Approved PUDs.* This was a prior approved PUD and at the time of approval it met PUD standards or was granted variances pursuant to the provided public benefits.
7. *Density Transfer.* Not applicable to this application.
8. *Landscaping and Buffering.* This application does not change the physical aspects of the ice rink, landscaping or public spaces.
9. *Infrastructure.* This application does not change any infrastructure of the ice rink or associated facilities.
10. *Phasing.* Not applicable to this application.

6. The PUD provides adequate community benefits;

This new agreement improves the community benefits of the original agreement. This includes the ice rink still as a public benefit with the additional benefit of the costs of operating and maintaining the ice rink to be appropriately covered by the revenues of the ice rink, free public skating during all operational hours with you bring your own skates, Town's ability to host up to 2 days where all revenues will benefit a local non-profit and remodeled public restrooms located in the breezeway nearest top of Chair 1.

7. Adequate public facilities and services are or will be available to serve the intended land uses;

The ice rink remains a public facility, managed under the commercial lease and management agreement by the Madeline Hotel and Residences. The new agreement improves free, public use of the facility with free skate hours extended from 1 hour to all hours of operation. Previously, free skate was limited to 12-1. Anyone bringing their own skates may use the facility for free during operating hours. The new agreement also allows for private rental of the facility up to 8 days in the season, of which revenues will be shared equally between Town and the Madeline, as well as Town's ability to reserve use of the rink for special events.

8. The proposed PUD shall not create vehicular or pedestrian circulation hazards or cause parking, trash or service delivery congestion; and



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The proposed amendment does not create vehicular or pedestrian circulation hazards nor cause parking, trash or service delivery congestion.

9. The proposed PUD meets all applicable Town regulations and standards unless a PUD is proposing a variation to such standards.

The proposed amendment follows Town regulations and standards. The newly added ability for private and special use events will follow the Special Events Regulations and application process.

ATTACHMENTS

Appendix A: 2024 Mountain Village Ice Rink Lease and Management Agreement

Appendix B: Combined First Amendment to Development Conveyance Agreements

**COMBINED FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED DEVELOPMENT AGREEMENT FOR LOT 38-
50-51R PLANNED UNIT DEVELOPMENT AND SECOND AMENDED AND
RESTATED OS-1A-MVB CONVEYANCE AGREEMENT**

THIS COMBINED FIRST AMENDMENT (“Agreement”) is made this ___ day of _____, 2024 (“Effective Date”), by and between TOWN OF MOUNTAIN VILLAGE, a Colorado home rule municipality (“Town”), and Telluride Resort Partners LLC (“Owner,” and together with the Town, the “Parties”).

WHEREAS, the Town owns certain real property in San Miguel County located at 568 Mountain Village Boulevard, Mountain Village, Colorado, Assessor Parcel No. 477903106105 (the “Property”), which is subject to the Lot 38-50-51R Planned Unit Development (“PUD”); and

WHEREAS, as part of the Town’s approval of the Lot 38-50-51R PUD, as governed by the Second Amended and Restated Development Agreement, recorded in the San Miguel County Clerk and Recorder’s Office at Reception No. 439952 (“Development Agreement”), the Town approved a replat of OS-1A-MVB (“Replat Approval”), previously owned by the Town, into Lot 38-50-51R to be incorporated into the Telluride Mountain Village Resort Condominiums (“Community”) and to be used for the construction of a porte cochere, elevated outdoor pool, and pool deck for the Community in accordance with plans approved by the Town’s Design Review Board (“DRB”); and

WHEREAS, in conjunction with the Replat Approval, the Town conveyed OS-1A-MVB to Owner pursuant to a Special Warranty Deed recorded on March 25, 2015, and in accordance with that certain OS-IA-MVB Conveyance Agreement recorded at Reception No. 436899 (“Conveyance Agreement”); and

WHEREAS, pursuant to Ordinance No. _____, the Town approved a major amendment to the Lot 38-50-51R PUD to allow for private rentals of the ice rink and to reduce Owner’s contribution concerning the shade structure in accordance with the terms and conditions of the Parties’ long-term lease agreement for the Property; and

WHEREAS, in accordance with said ordinance, the Parties desire to modify portions of the Development Agreement and Conveyance Agreement in the manner provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein, including the above recitals, and for good and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Recitals. The foregoing Recitals are incorporated herein by reference.
2. Amendment to Development Agreement. The Parties hereby amend Section 5 of the Development Agreement to read as follows:

5. PERMITTED USES

B. The permitted uses for the Plaza Unit and Ice Rink Unit shall be the same as for the Full Use Active Open Space Zone District as set forth in the CDC; provided, however, that the Ice Rink Unit may be available for private rental and closed to the public pursuant to the terms of the lease agreement between the Parties.

10. ADDITIONAL COMMUNITY BENEFITS

B. The Parties acknowledge that the Owner has contributed \$15,305.57 as of the Effective Date for the design and construction of shade structure improvements over the ice rink (“Shade Structure”) located within the Community. The Owner shall pay to the Town the remaining \$2,544.99 for the initial Shade Structure. The Parties agree that the Owner shall also provide one full replacement of the Shade Structure at actual cost not to exceed \$92,150.43, and that the Owner shall no longer be responsible for providing excess funds to be used for additional repairs and maintenance purposes. The Parties

agree to confer regarding the need for a new Shade Structure at least six months in advance of the next winter season to allow each enough time to budget for said structure.

3. Amendment to Conveyance Agreement. The Parties hereby amend Section 1.2 of the Conveyance Agreement to read as follows:

1.2 Ice Rink Shade Structure. The Parties acknowledge that the Owner has contributed \$15,305.57 as of the Effective Date for the design and construction of shade structure improvements over the ice rink (“Shade Structure”) located within the Community. The Owner shall pay to the Town the remaining \$2,544.99 for the initial Shade Structure. The Parties agree that the Owner shall also provide one full replacement of the Shade Structure at actual cost not to exceed \$92,150.43, and that the Owner shall no longer be responsible for providing excess funds to be used for additional repairs and maintenance purposes. The Parties agree to confer regarding the need for a new Shade Structure at least six months in advance of the next winter season to allow each enough time to budget for said structure.

4. This Amendment Controls. In the event that any terms, conditions, and provisions contained in this Agreement are inconsistent with or otherwise conflict with any terms, conditions, and provisions contained in the Development Agreement, Conveyance Agreement, and/or any amendments thereto, the terms, conditions, and provisions contained in this Agreement shall control.

5. No Other Modifications. No other amendments, modifications, or alterations to the Development Agreement or Conveyance Agreement, other than the amendments specifically stated herein, are contemplated or made by the execution of this Agreement. All other terms, conditions, provisions, rights, duties, and benefits stated in the Development Agreement and Conveyance Agreement shall continue in full force and effect.

6. Counterparts; Electronic Signatures. This Agreement may be executed in multiple counterparts or by legible electronic copy, each of which shall constitute original, but all of which, taken together, shall constitute one and the same instrument. The electronic transmission of a signed copy of this Agreement shall be considered valid and constitute a signed original.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date set forth above.

TOWN
Town of Mountain Village, Colorado

OWNER
Telluride Resort Partners LLC

By: _____
Name:
Title:

Name:
Title:

**MOUNTAIN VILLAGE ICE RINK AND SKATE CENTER
LEASE AND MANAGEMENT AGREEMENT**

THIS MOUNTAIN VILLAGE ICE RINK AND SKATE CENTER LEASE AND MANAGEMENT AGREEMENT (“Lease”) is made this ___ day of _____, 2024 (“Effective Date”), by and between TOWN OF MOUNTAIN VILLAGE, a Colorado home rule municipality (“Landlord” or “Town”), and Telluride Resort Partners LLC (“Tenant,” and together with Landlord, the “Parties”).

WHEREAS, Landlord owns certain real property in San Miguel County located at 568 Mountain Village Boulevard, Mountain Village, Colorado, Assessor Parcel No. 477903106105 (collectively, the “Premises”); and

WHEREAS, the Parties entered into a Commercial Lease and Management Agreement dated June 19, 2015 (“Original Lease”), whereby Landlord leased to Tenant the Premises according to terms and conditions therein; and

WHEREAS, the Parties subsequently entered into a temporary lease agreement in 2022 (“2022 Lease”), which contemplated the negotiation and execution of a long-term agreement including a revenue-sharing provision, and second temporary lease agreement (“2023 Lease”) to continue Tenant’s lease and management of the Premises pending the PUD Amendment (defined below); and

WHEREAS, by this Lease, the Parties desire to enter into a long-term agreement as contemplated by the 2022 and 2023 Leases and according to the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein, including the above recitals, and for good and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Previous Lease Agreements Superseded. This Lease supersedes and replaces the Original Lease, 2022 Lease, and 2023 Lease.

2. Premises. Landlord, for and in consideration of the covenants and agreements hereinafter mentioned, to be kept and performed by the Tenant, does hereby lease to the Tenant the Premises.

3. Term. The term of this Lease shall be from the Effective Date until April 30, 2027 (“Term”), unless otherwise terminated as provided herein. This Lease shall automatically renew for successive one-year terms, unless either party provides written notice of termination to the other at least 90 days prior to the expiration of the then-current term.

4. Rent. In consideration of the revenues to be shared pursuant to Section 6 below, the rent for the Term shall be \$1.00 per month.

5. Use of Premises. The Premises are to be used and occupied by Tenant for the primary purpose of operating a skate rental and retail shop, and Tenant shall manage and operate the ice rink on the Premises (“Ice Rink”) in such a manner that does not exclude the guests, residents, or invitees of the Town, except during blackout dates or special events per Section 9. The Ice Rink shall be open and available to the public and free to users who bring their own skates, subject to all applicable ordinances and regulations of the Town, as applied generally to Town property during the Term of this Lease. Tenant shall be responsible for controlling access to the Ice Rink. The hours of operation for the Premises shall be from 12:00 p.m. to 8:00 p.m., weather conditions permitting. Tenant may adjust the length of the hours of operation with written consent of Landlord. During operational hours, Tenant shall have adequate staff on the Premises to manage the Premises. Use of the Premises shall at all times comply with applicable local, state, and federal laws.

6. Profit and Loss Sharing. The net profits or losses generated at the Premises during the Term of this Lease shall be shared equally by the Parties. Net profits include all revenues minus actual operating expenses, as outlined in 6.A. and 6.B. including the costs of labor and equipment leases, incurred by both Parties. For purposes of calculating net profits,

operating expenses shall not include capital improvements or equipment purchases. The Parties agree to maintain and provide to the other party financial records, including receipts and invoices, and such other documentation as may be reasonably required to calculate net profits or losses, including actual operating expenses. Upon receipt of a written request, a party shall provide said financial records to the other for this purpose. Tenant shall remit the necessary financial records and net profits applicable to Landlord no later May 31st of each year.

- A. For Landlord, operating expenses shall be defined as actual utility costs for natural gas and utilities for creation and maintenance of ice, actual costs for equipment leases, and actual cost for Parks & Recreation labor.
- B. For Tenant, operating expenses shall be defined as the actual cost of labor for Ice Rink staff and actual utility costs of the Ice Rink building.

7. PUD Amendment. The Parties agree to work together in good faith to apply to the Town for an amendment of the Lot 38-50-51R Planned Unit Development (“PUD Amendment”), as governed by the Second Amended and Restated Development Agreement, recorded in the San Miguel County Clerk and Recorder’s Office as Reception No. 439952. If the PUD Amendment is approved by the Town, the revenue-sharing arrangement outlined in Section 6 shall be applied retroactively to the 2022/2023 and 2023/2024 winter seasons and payment to Landlord shall be made in arrears accordingly. If the PUD Amendment is denied, this Agreement shall be void ab initio, and the 2023 Lease shall continue in full force and effect.

8. Skate Rentals. Guests of the Hotel Madeline who are under the age of 12 may receive a token for one free skate rental during their stay. Tenant shall keep track of and account for all skate rentals provided to guests of the Hotel Madeline free of charge.

9. Special Events.

- A. By Tenant. Tenant shall be permitted to rent out the Premises for up to eight private events each winter season. Each event shall last no more than one day. Tenant may charge a rental fee of \$500 per hour, or \$4,000 per day, with the Tenant’s ability to increase or decrease the rental fee by 25%, at Tenant’s discretion. Tenant may provide further rental fee reductions for non-profit use of the Premises. Tenant shall not impose food and beverage minimums as a requirement of private rental use, nor shall Tenant provide rental fee adjustments in exchange for food and beverage services.
- B. By Landlord. Landlord shall be permitted to rent out the Premises, without paying any private event rental or skate fees, for up to six public or private events each winter season. These events may either be held by Landlord or by a third party, subject to the Town’s special event permit regulations. Landlord or third-party use of the Premises may be subject to a fee of \$_____ per hour to cover Ice Rink staff costs, at Landlord’s discretion.
- C. Blackout Dates. Blackout dates during which the Parties may not rent out the Premises to hold a special event include: December 20 through January 5; Friday through Monday of Martin Luther King, Jr. weekend; and Friday through Monday of Presidents’ Day weekend.

10. Social Purpose Days. For up to two days each year, Tenant shall be allowed to name a “Social Purpose” Day, on which 100% of the net profits generated at the Premises will be donated to a 501(c)(3) non-profit of Tenant’s choice. Tenant must obtain Landlord’s approval regarding its selection of the 501(c)(3) non-profit prior to the Social Purpose Day. For up to two days each year, Landlord shall also be allowed to name a Social Purpose Day, on which 100% of the net profits generated at the Premises will be donated to a 501(c)(3) non-profit of Landlord’s choice. The Social Purpose Days may not conflict with blackout dates and the other party’s special events, as permitted by Section 9.

11. Maintenance. Tenant, at its expense, shall be responsible for routine maintenance and repair of the Premises and agrees to keep the Premises in good, clean condition and to commit no waste thereon. Tenant shall not be responsible for damage caused by unauthorized users of the

Premises that occurs outside the operational hours as set forth herein. Landlord shall be responsible for set up, ice maintenance, and breakdown of the Ice Rink infrastructure to allow for use of the Premises as an ice skating rink during the Term; repair, maintenance, and replacement of all mechanical equipment necessary for the creation, maintenance, and cooling of the ice and any water facilities such as fountains or mechanical facilities related to ice making, water, and plumbing facilities necessary for providing water and cooling for the Ice Rink; and any capital repairs necessary for the Premises. For purposes of this Lease, "capital repairs" shall mean such repairs that Landlord deems in its discretion are necessary to the existing infrastructure of the Premises and shall not include any repairs or additions to the Premises or finishes made by Tenant. Notwithstanding, Landlord shall not be responsible for maintaining or repairing any damage caused by the intentional or negligent acts or omissions of Tenant, which damage shall be Tenant's responsibility.

12. Improvements.

- A. Improvements Generally. Tenant and/or Landlord shall have the right to make such temporary improvements and install such equipment on the Premises as may be necessary to make use of the Premises for the purposes described herein; provided, however, that Landlord must approve in writing such improvements before the same are constructed or installed. No permanent improvements shall be installed by either party except pursuant to further written agreement addressing each party's rights and obligations with respect to such improvements. Tenant shall have the right to install and maintain informational signage to promote use of the Premises, subject to compliance with the Town sign code. Tenant shall keep the Premises free and clear of all liens and encumbrances of any type or nature, including, but not limited to, mechanic's liens.
- B. Public Restrooms. The Parties agree that the public restrooms on the Premises need to be remodeled. The Town Manager hereby waives the formal bid process, finding that such process would cause undue delay or hardship and that it is in the best interest of the Town to proceed with the remodel as provided herein. Landlord shall contribute up to \$355,000 to remodel the public restrooms on the Premises to current remodel standards. Tenant shall provide to Landlord all receipts, invoices, and such other documentation as Landlord may reasonably require to determine actual costs of the remodel and the amount due to Tenant for same.
- C. Ice Rink Shade Structure. The Parties acknowledge that Tenant has contributed \$15,305.57 as of the Effective Date for the Ice Rink's shade structure. Tenant shall pay to Landlord the remaining \$2,544.00 for the initial shade structure. The Parties agree that Tenant shall also provide one full replacement of the Ice Rink's shade structure at actual cost not to exceed \$92,150.43, and that Tenant shall no longer be responsible for providing excess funds to be used for additional repairs and maintenance purposes. The Parties agree to confer regarding the need for a new shade structure at least six months in advance of the next winter season to allow each enough time to budget for said structure. The Parties agree to amend the First Amended and Restated OS-1A-MVB Conveyance Agreement, recorded in the San Miguel County Clerk and Recorder's Office as Reception No. 445639, accordingly.

13. Utilities.

- A. Utilities Generally. Tenant shall pay for the utility expenses incurred in the operation of the Premises as an Ice Rink, including electrical, gas, water and sewer expenses, homeowners' dues, and shared facilities costs ("Utilities"). The Utilities shall not include the cost of electrical, water, sewer, and gas used to generate and maintain the surface of the Ice Rink during the winter season. Utilities shall be billed directly to Tenant; however, in the event Utilities are not billed directly to Tenant, they shall be due and payable within five business days of receipt of any invoice for Utilities delivered by Landlord to Tenant.

B. Water Feature Mechanical Room Overage. In 2022, a valve leak in the Town water feature mechanical room caused an overage of \$16,700.00 in Tenant's water bill. The Parties agree to split the cost of that overage such that, within 30 days of execution of this Agreement, Landlord shall pay to Tenant \$8,350.00. By such agreement, neither party admits fault, and Landlord does not intend to waive any provision of the Colorado Governmental Immunity Act.

14. Insurance. Tenant agrees to maintain at its expense at all times during the Term a comprehensive general liability insurance policy in the minimum amount of Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury and property damage. Landlord shall be named as an additional insured thereon. Upon execution of this Lease, Tenant shall deliver to Landlord a certificate of insurance, which shall declare that the insurer may not cancel the same without giving Landlord at least 30 days' advanced written notice.

15. Indemnification. Tenant shall indemnify and hold harmless Landlord and Landlord's elected and appointed officials, staff members, employees, contractors, and agents (collectively "Releasees") from and against any and all claims arising from Tenant's use of the Premises for the conduct of its business or form any activity, work, or other thing done, permitted, or suffered by Tenant in or about the Premises, and shall further indemnify and hold harmless Releasees from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of Tenant or any agent, employee, guest, or licensee of Tenant, and from and against all cost, attorneys' fees, expenses, and liabilities incurred as a result of any such claim or any action or proceed brought thereon or action or proceeding brought against Landlord. Tenant hereby assumes all risk of damage to property or injury to persons (including death), in, upon, or about the Premises, from any cause other than Landlord's intentional misconduct or gross negligence, or failure to perform any of its covenants under this Lease, and Tenant hereby waives all claims in respect thereof against Landlord. Landlord or its agents shall not be liable for any damage to property entrusted to employees of the Premises. Tenant shall give prompt notice to Landlord in case of fire or accident or defects in the Premises or in the fixtures or equipment located therein. The provisions of this paragraph shall survive the expiration or termination of this Lease.

16. No Subletting; No Assignment. No part of the Premises will be sublet, nor will this Lease be assigned, without the written consent of the Landlord being first obtained.

17. Default. In the event that either party is in default of any provision of this Lease, and if such default is not cured within 10 business days after written notice thereof to the breaching party, then the non-defaulting party shall have all rights available to it at law or in equity, including, but not limited to, termination of this Lease and forcible entry and detainer proceedings. In the event of any action or proceeding brought by one party against the other under this Lease, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees from the non-prevailing party. Jurisdiction and venue for any legal action arising from or related to this Lease shall be in the state courts of San Miguel County, Colorado.

18. Additional Terms and Conditions.

A. If any term or provision of this Lease shall be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and shall be valid and enforceable to the full extent permitted by law.

B. This Lease shall only be modified by amendment signed by both Parties.

C. This Lease shall be binding on the Parties, their personal representatives, successors, and assigns.

D. Nothing herein shall be deemed a waiver or limitation of the Town's governmental immunity under statute or at common law.

E. All financial obligations of the Town under this Lease shall be subject to annual budgeting and appropriation.

F. This Lease represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

SO AGREED as of the Effective Date.

LANDLORD

Town of Mountain Village, Colorado

TENANT

Telluride Resort Partners LLC

By: _____

Name:

Title:

Name:

Title: