

**GUNNISON VALLEY TRANSPORTATION AUTHORITY
INTERGOVERNMENTAL AGREEMENT**

by and among

CITY OF GUNNISON, COLORADO

TOWN OF CRESTED BUTTE, COLORADO

TOWN OF MT. CRESTED BUTTE, COLORADO

and

GUNNISON COUNTY, COLORADO

Dated as of _____ 2002

providing for the creation of

the “Gunnison Valley Transportation Authority” as a Rural Transportation Authority pursuant to the Colorado Rural Transportation Authority Law, Title 43, Article 4, Part 6, Colorado Revised Statutes, as amended.

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**GUNNISON VALLEY TRANSPORTATION AUTHORITY
INTERGOVERNMENTAL AGREEMENT**

THIS GUNNISON VALLEY TRANSPORTATION AUTHORITY INTERGOVERNMENTAL AGREEMENT (this "Agreement") is entered into as of _____ 2002 by and among **CITY OF GUNNISON, COLORADO; TOWN OF MT. CRESTED BUTTE, COLORADO; TOWN OF CRESTED BUTTE, COLORADO;** and **GUNNISON COUNTY, COLORADO;** (the "Initial Signatories").

RECITALS

WHEREAS, pursuant to title 43, article 4, part 6, Colorado Revised Statutes, as amended (the "Act"), Colorado counties and municipalities are authorized to establish, by contract, rural transportation authorities, which, upon the satisfaction of the conditions set forth in Section 2.01 hereof, are authorized to finance, construct, operate and maintain rural transportation systems; and

WHEREAS, the Initial Signatories are a Colorado County and Colorado municipalities located in or near the Gunnison River Valley in west-central Colorado that desire to form a rural transportation authority pursuant to the Act and the Intergovernmental Relations Statute for the purpose of financing, constructing, operating and maintaining rural transportation systems consisting of the Authorized Transportation Projects described herein; and

WHEREAS, in 1998, the Signatories adopted the Upper Gunnison River Valley Transportation Plan which established the goal of establishing a Rural Transportation Authority to finance the future transit needs of the Upper Gunnison River Valley; and

WHEREAS, 20-year regional population projections indicate that improved and expanded regional transit services will be even more necessary in the future to reduce automobile congestion, maintain the quality of life, the economic vitality of the local economy and preserve the environment; and

WHEREAS, year round competitive air service is essential to the economic health of the local economy; and

WHEREAS, specialized transportation services promote independent living for the frail, elderly and the disabled by providing essential links to a variety of medical, social and other services, and the region recognizes the need to improve mobility options for this growing segment of the population; and

WHEREAS, current funding mechanisms are inadequate to maintain and improve regional transit services; and

WHEREAS, the Initial Signatories began working together on the goal of forming a regional transportation authority in the fall of 1998, when the Upper Gunnison River Valley Transportation Plan was adopted; and

WHEREAS, the Signatories have decided that it is in the public interest to now place the establishment of the Rural Transportation Authority (“the Authority”) before the voters in the proposed boundaries of the Authority.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below, the Initial Signatories hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions from the Act. The following terms shall, when capitalized, have the meanings assigned to them in section 602 of the Act: “Bond,” “Combination”, “Construct,” “Construction,” “County,” “Grant”, “Municipality,” “Operations and Maintenance Expenses, “Person,” “Revenues”, “Rural Transportation Activity Enterprise,” “Rural Transportation System” and “State.”

Section 1.02. Other Definitions. The following terms shall, when capitalized, have the following meanings:

“*Act*” is defined in the Recitals hereto.

“*Advisory Committee*” means two or more persons appointed by the Board pursuant to Article IV hereof for the purpose of providing advice to the Board and includes the Citizen Advisory Committee.

“*Agreement*” means this Gunnison Valley Transportation Authority Intergovernmental Agreement, as amended from time to time in accordance with the terms hereof.

“*Alternate Director*” means any person appointed as an Alternate Director pursuant to Section 3.03 hereof.

“*Authority*” means the Gunnison Valley Transportation Authority, a separate political subdivision of and body corporate of the State established pursuant to this Agreement as a rural transportation authority under the Act and as a separate legal entity under the Intergovernmental Relations Statute.

“*Authority Sales Tax*” means a sales and use tax levied by the Authority in all or any designated portion of the Members in accordance with section 6.05(1)(j) of the Act.

“*Authorized Transportation Projects*” means the Rural Transportation Systems described in Section 2.02 hereof, as such term may be amended from time-to-time in accordance with Article XII hereof.

“*Ballot Question*” is defined in Section 2.04 hereof.

“*Board*” means the Board of Directors of the Authority.

“*Boundaries*” means the boundaries of the Authority determined in accordance with Appendix A hereto, as such Appendix and term may be amended from time-to-time in accordance with Article XII hereof.

“*Citizen Advisory Committee*” means the special Advisory Committee described as such in Article IV hereof.

“*Director*” means any person appointed as a Director pursuant to Section 3.02 hereof. Whenever the person appointed as a Member’s Director pursuant to Section 3.02 hereof is absent from a Board meeting, the term “Director” shall mean the Alternate Director, if any, appointed by such Member pursuant to Section 3.03 hereof.

“*Division of Local Government*” means the Division of Local Government in the State Department of Local Affairs.

“*Governing Body*” means, when used with respect to a Member, the city council, board of trustees, board of commissioners or other legislative body, as appropriate, of such Member.

“*Initial Authority Sales Tax*” means the Authority Sales Tax described in Section 7.01(a) hereof.

“*Initial Boundaries*” means the Boundaries of the Authority on the date the Authority is originally established pursuant to Article II hereof, as such Initial Boundaries are determined in accordance with Appendix A hereto.

“*Initial Members*” means the Initial Signatories who become Members on the date on which the Authority is originally established pursuant to Section 2.05 hereof.

“*Initial Signatories*” means the Municipalities and the County that are signatories to this Agreement in its original form.

“*Member*” means (a) the Initial Members and (b) the State or any Municipality or County that becomes a member of the Authority pursuant to Section 8.03 hereof.

“*Officer*” means the Chair, Vice Chair, Secretary, Treasurer or Executive Director of the Authority, and any subordinate officer or agent appointed and designated as an officer of the Authority by the Board.

“*Regional Transit Services*” means the transit services described in Appendix D hereto, as such Appendix may be amended from time-to-time in accordance with Article XII hereof.

ARTICLE II

ESTABLISHMENT OF THE AUTHORITY AND INITIAL MEMBERS

Section 2.01. Establishment. The Gunnison Valley Transportation Authority shall be established as a separate political subdivision and body corporate of the State pursuant to the Act:

(a) each Initial Member (i) has held at least two public hearings on the subject of this Agreement in accordance with section 603(3) of the Act and (ii) has executed this Agreement (which execution shall constitute a representation by such Initial Member to the other Initial Members that the executing Initial Member has held the public hearings required by section 603(3) of the Act and that the Governing Body of such Initial Member has duly authorized its execution, delivery and performance of this Agreement);

(b) this Agreement has been approved by a majority of the registered electors residing within the Initial Boundaries of the Authority, at the November 5, 2002 election; and

(c) No more than two Initial Members withdraw pursuant to Section 8.02 hereof;
and

(d) the Director of the Division of Local Government has issued a certificate pursuant to section 603(1) of the Act stating that the Authority has been duly organized according to the laws of the State.

Section 2.02. Purpose. The purpose of the Authority is to finance, construct, operate and maintain an efficient, sustainable and regional multi-modal transportation system at any location or locations within or without the Boundaries of the Authority, subject to compliance with the Act.

Section 2.03. Boundaries. The Initial Boundaries of the Authority shall be determined in accordance with Appendix A hereto. Any territory included in the Boundaries of the Authority because the territory is included in the boundaries of a Municipality shall automatically be amended to include any territory annexed to the Municipality.

Section 2.04. Voter Approval.

The Initial Signatories agree to submit a ballot question seeking voter approval of the establishment of the Authority, the baseline funding of the Authority in accordance with Article VII hereof and the “de-Brucing” of certain Authority revenues at an election to be held on November 5, 2002 that shall be conducted in accordance with the Act and other applicable law. A draft of the ballot question to be submitted at the election is attached hereto as Appendix B. The ballot question shall be submitted to the registered electors residing within the following described areas within the boundaries of the Initial Signatories attached hereto is Appendix C which provides a Precinct Map representing the boundaries of the proposed district:

- (i) the corporate limits of the “City of Gunnison”;

- (ii) the corporate limits of the “Town of Crested Butte”;
- (iii) the corporate limits of the “Town of Mt. Crested Butte”;
- (iv) the “Unincorporated Gunnison County” within election precincts 5,7,6,10,12,13, and 8.

The Governing Body of each of the Initial Signatories named in the ballot question shall take all actions necessary to submit such question to the appropriate electors at the November 5, 2002 election. The designated election official shall be the Gunnison County Clerk and Recorder. Each Initial Signatory shall pay its pro-rata share of the costs of conducting the November 5, 2002 election. For purposes of allocating such costs, costs allocable to electors who reside in a Municipality shall be allocated to the Municipality in which they reside and costs allocable to electors who reside in unincorporated areas shall be allocated to the County.

ARTICLE III

BOARD OF DIRECTORS

Section 3.01. Establishment and Powers. The Authority shall be governed by a Board of Directors as described in this Article. The Board shall exercise and perform all powers, privileges and duties vested in or imposed on the Authority. Subject to the provisions of this Agreement, the Board may delegate any of its powers to any Director, Officer, employee or agent of the Authority.

Section 3.02. Directors. The Board shall be composed of two Directors appointed by each Member.

Section 3.03. Alternate Directors. In addition to the Director appointed by it, each Member shall appoint one Alternate for each Director who shall be deemed to be such Member’s Director for all purposes, including, but not limited to, voting on resolutions whenever the person appointed as such Member’s Director is absent from a Board meeting.

Section 3.04. Appointment of Directors and Alternate Directors. As required by section 603(2)(b)(I) of the Act, each Director and the Alternate Director appointed by a Member shall both be members of the Governing Body of such Member and shall be appointed as a Director or Alternate Director by the Governing Body of such Member.

Section 3.05. Terms of Office. The term of office of each Director and Alternate Director shall commence with the first meeting of the Board following his or her appointment and shall continue until (a) the date on which a successor is duly appointed or (b) the date on which he or she ceases to be a member of the Governing Body of the appointing Member.

Section 3.06. Resignation and Removal. Any Director or Alternate Director (a) may resign at any time, effective upon receipt by the Secretary or the Chair of written notice signed by the person who is resigning; and (b) may be removed at any time by the Governing Body of the Member that appointed him or her, effective upon receipt by the Secretary or the Chair of written notice signed by the Governing Body of the appointing Member.

Section 3.07. Vacancies. Vacancies in the office of any Director or Alternate Director shall be filled in the same manner in which the vacant office was originally filled pursuant to Section 3.04 hereof.

Section 3.08. Compensation. Directors and Alternate Directors shall serve without compensation, but may be reimbursed for expenses incurred in serving in such capacities upon such terms and pursuant to such procedures as may be established by the Board.

Section 3.09. Resolutions and Voting. All actions of the Board shall be by resolution, which may be written or oral. Except as otherwise provided in Section 3.10 hereof, resolutions of the Board shall be adopted upon the affirmative vote at a meeting open to the public of at least a majority of the Directors then in office who are eligible to vote thereon voting (which, if all Initial Signatories become Initial Members and no Director is ineligible to vote, will be five of the eight initial Directors). The Authority shall provide at least 48 hours' written notice of meetings to each Director and Alternate Director and to the Governing Body of each Member. Notwithstanding any other provision hereof, a Director shall disqualify himself or herself from voting on any issue with respect to which he or she has a conflict of interest, unless he or she has disclosed such conflict of interest in compliance with sections 18-8-308 and 24-18-101 et seq., Colorado Revised Statutes, as amended.

Section 3.10. Special Rules Regarding Adoption of the Authority's Annual Budget. Notwithstanding Section 3.09 hereof, if the Board fails to approve the Authority's annual budget by resolution adopted in accordance with Section 3.09 hereof by the end of the immediately preceding fiscal year of the Authority or any earlier date required by State law, until an annual budget is so adopted, the Authority's budget for such year shall be the prior year's budget, with adjustments approved by a majority of the Directors then in office who are eligible to vote thereon that, in the aggregate, do not exceed the sum of "inflation" and the Authority's "local growth" as determined in accordance with Article X, Section 20(2)(f) and (g) of the Colorado Constitution. The procedures set forth in this Section may be modified by bylaws or rules adopted in accordance with Section 3.12 hereof.

Section 3.11. Powers of the Board. The Board shall, subject to the limitations set forth herein, have all powers that may be exercised by the board of directors of a rural transportation authority pursuant to the Act, including, but not limited to, the powers conferred by section 604(3) of the Act.

Section 3.12. Bylaws and Rules. The Board, acting by resolution adopted as provided in Section 3.09 hereof, shall adopt bylaws or rules governing the activities of the Authority and the Board, including, but not limited to, bylaws or rules governing the conduct of Board meetings, voting procedures, the type of resolutions that must be in writing and procedures for the resolution of issues on which a two-thirds majority cannot be obtained in accordance with Section 3.09 hereof.

ARTICLE IV

ADVISORY COMMITTEES

Section 4.01. The Board shall appoint and maintain a Citizen Advisory Committee to advise the Board with respect to policy and service matters. The Board may also appoint other Advisory Committees to advise the Board. The members of the Citizen Advisory Committee shall not be Directors, Alternate Directors or Officers of the Authority. The members of Advisory Committees other than the Citizen Advisory Committee may include Directors, Alternate Directors and Officers of the Authority. Advisory Committees shall not be authorized to exercise any power of the Board.

ARTICLE V

OFFICERS

Section 5.01. Generally. The Board shall appoint a Chair, a Vice Chair, a Secretary, a Treasurer and an Executive Director. The Board also may appoint one or more subordinate officers and agents, each of whom shall hold his or her office or agency for such term and shall have such authority, powers and duties as shall be determined from time to time by the Board. The Chair and the Vice Chair shall be Directors. Other Officers may, but need not, be Directors. Any two or more of such offices may be held by the same person, except that the offices of Chair and Secretary may not be held by the same person and the person serving as Executive Director may not hold any other of such offices. All Officers of the Authority shall be persons of the age of 18 years or older and shall meet the other qualifications, if any, stated for his or her office elsewhere in this Article.

Section 5.02. Chair. The Chair shall have the power to call meetings of the Board; the power to execute, deliver, acknowledge, file and record on behalf of the Authority such documents as may be required by this Agreement, the Act or other applicable law; and such other powers as may be prescribed from time to time by the Board. The Chair may execute and deliver contracts, deeds and other instruments and agreements on behalf of the Authority as are necessary or appropriate in the ordinary course of its activities or as are duly authorized or approved by the Board. The Chair shall have such additional authority, powers and duties as are appropriate and customary for the office of the chair of the board of directors of entities such as the Authority, and as the Board may otherwise prescribe.

Section 5.03. Vice Chair. The Vice Chair shall be the Officer next in seniority after the Chair and, upon the death, absence or disability of the Chair, shall have the authority, powers and duties of the Chair. The Vice Chair shall have such additional authority, powers and duties as are prescribed by the Board.

Section 5.04. Secretary. The Secretary shall give, or cause to be given, notice of all meetings (including special meetings) of the Board, keep written minutes of such meetings, have charge of the Authority's seal, be responsible for the maintenance of all records and files and the preparation and filing of reports to governmental agencies (other than tax returns), have authority to impress or affix the Authority's seal to any instrument requiring it (and, when so impressed or

affixed, it may be attested by his or her signature), and have such other authority, powers and duties as are appropriate and customary for the office of Secretary of entities such as the Authority, and as the Board may otherwise prescribe. If a Treasurer has not been appointed, the Secretary shall also serve as Treasurer and may use the title of Treasurer in performing the functions of Treasurer.

Section 5.05. Treasurer. The Treasurer shall, subject to rules and procedures established by the Board, be responsible for the custody of the funds and all stocks, bonds and other securities owned by the Authority and shall be responsible for the preparation and filing of all tax returns, if any, required to be filed by the Authority. The Treasurer shall receive all moneys paid to the Authority and, subject to any limits imposed by the Board or the Chair, shall have authority to give receipts and vouchers, to sign and endorse checks and warrants in the Authority's name and on the Authority's behalf, and to give full discharge for the same. The Treasurer shall also have charge of disbursement of the funds of the Authority, shall keep full and accurate records of the receipts and disbursements, and shall deposit all moneys and other valuables in such depositories as shall be designated by the Board. The Treasurer shall deposit and invest all funds of the Authority in accordance with this Agreement and laws of the State applying to the deposit and investment of funds of rural transportation authorities formed under the Act. The Treasurer shall have such additional authority, powers and duties as are appropriate and customary for the office of Treasurer of entities such as the Authority, and as the Board may otherwise prescribe. If a Treasurer has not been appointed, the Secretary shall also serve as Treasurer and may use the title of Treasurer in performing the functions of Treasurer.

Section 5.06. Executive Director. The Executive Director shall be the chief executive officer of the Authority, shall supervise the activities of the Authority, shall see that all policies, directions and orders of the Board are carried out and shall, under the supervision of the Board, have such other authority, powers or duties as may be prescribed by the Board.

Section 5.07. Resignation and Removal. Any Officer may resign at any time effective upon receipt by the Secretary or the Chair of written notice signed by the person who is resigning, and may be removed at any time by the Board.

Section 5.08. Changes to Authority, Powers and Duties. Notwithstanding any other provision of this Article, the Board at any time may expand, limit or modify the authority, powers and duties of any Officer.

Section 5.09. Vacancies. Vacancies in the office of any Officer shall be filled in the same manner in which such office was originally filled.

Section 5.10. Compensation. The Authority may compensate Officers who are not Directors or Alternate Directors for services performed, and may reimburse them for expenses incurred, in serving in such capacities upon such terms and pursuant to such procedures as may be established by the Board.

ARTICLE VI

POWERS OF THE AUTHORITY

Section 6.01. General Grant of Powers. The Authority shall have all the powers granted to it by the Act.

Section 6.02. Specific Responsibilities. In addition to the general powers described in Section 6.01 hereof, the Authority shall have the responsibilities described in this Section and shall have all powers necessary or convenient to carry out such responsibilities, subject to the availability of funds and, to the extent required by law, annual appropriation of funds by the Board. The description of specific responsibilities and powers in this Section shall not, however, limit the general powers of the Authority described in Section 6.01 hereof.

(a) ***Regional Transit Services.*** The Authority shall use reasonable efforts to provide the Regional Transit Services described in Appendix C hereto

(b) ***Contract Air Services.*** The Authority may enter into contracts with commercial air carriers for the provision of air services in the manner and subject to the terms of such contracts.

(c) ***Contract Transit Services.*** The Authority may enter into contracts with any Member or other Person for the provision of transit services in the manner and subject to the terms of such contracts.

(d) ***Regional Transportation Planning.*** The Authority shall provide regional transportation planning services needed to plan and direct the Authorized Transportation Projects, pursue federal funding and coordinate overall transportation policy within the area in which it provides Regional Transit Services. Regional transportation planning shall, as determined by the Board, include short range service planning as well as long range planning, corridor investment studies and related environmental impact analysis.

(e) ***Funding for Construction and Maintenance of Regional Trails.*** The Authority shall provide funding for the construction of regional public trails in cooperation with Members, or other Persons.

(f) ***Local Service.*** The Authority may fund Authorized Transportation Projects that serve the residents and businesses of a Member (as distinguished from regional services) but, except as otherwise specifically provided herein, only pursuant to an agreement pursuant to which such Member pays the Authority for the services provided on the same fully allocated cost basis used to determine costs of Authority services throughout the Authority's service area.

Section 6.03. Limitations on Powers of the Authority. Notwithstanding Sections 6.01 and 6.02 hereof, the powers of the Authority shall be limited as follows:

(a) the Authority may only finance, construct, operate and maintain Authorized Transportation Projects;

(b) Advisory Committees may only be appointed and may only exercise the powers as provided in Article IV hereof;

(c) no action to establish or increase a tax or to create a multiple fiscal year debt or other financial obligation that is subject to section 20(4)(b) of article X of the State Constitution shall take effect unless first submitted to a vote in accordance with section 612 of the Act, except for Rural Transportation Enterprises where voter approval is not required;

(d) the Board shall deliver notice of any proposal to establish, increase or decrease any tax to any County or Municipality where the proposed tax or fee would be imposed in accordance with section 613 of the Act; and

(e) a notice of the imposition of or any increase in any fee or tax or the issuance of Bonds shall be sent to the Division of Local Government and shall be filed with the State Auditor and the State Transportation Commission in accordance with section 614 of the Act.

ARTICLE VII

FUNDING THE AUTHORITY

Section 7.01. Baseline Funding. The baseline funding of the Authority shall be provided from the following sources:

(a) ***Initial Authority Sales Tax.*** The Initial Authority Sales Tax shall, upon satisfaction of the conditions stated below, be imposed at the following rates in the following areas within the Boundaries of the Authority:

(i) 0.35% in the City of Gunnison if the City of Gunnison electors approve the City of Gunnison Question;

(ii) 0.6% in the Town of Crested Butte if Town of Crested Butte electors approve the Town of Crested Butte Question; and

(iii) 0.6% in the Town Mt. Crested Butte if Town of Mt. Crested Butte electors approve the Town of Mt. Crested Butte Question.

(iv) 0.6% in the Unincorporated Gunnison County if the electors of the unincorporated Gunnison County approve the Unincorporated Gunnison County question.

(b) ***Estimated Funding from Different Areas.*** An estimate of the funding from different areas within the Initial Boundaries of the Authority, based on 2001 sales tax data, is set forth in Appendix H hereto.

Section 7.02. Additional Authority Sales Taxes. The Authority may levy Authority Sales Taxes in addition to the Initial Authority Sales Tax upon compliance with the provisions of

the Act, including the approval by the electors residing throughout the area in which such taxes are to be levied as required by Section 6.03(d) hereof and section 612 of the Act. Any such additional Authority Sales Taxes may, as permitted by the Act, be levied in all or any designated portion of the Members and at the same or different rates in different designated portions of the Members.

At the request of a Member and upon compliance with the provisions of the Act, including approval by the electors residing within the area in which such taxes are to be levied as required by Section 6.03(d) hereof and section 612 of the Act, and approval of the Board, the Authority shall levy an additional Authority Sales Tax at the rate (up to the limits of the Act) and in all or any designated portion of the Member specified by such Member for the purpose of funding Authorized Transportation Projects specified by such Member that serve the residents and businesses of such Member or the residents and

Section 7.03. Discretionary Member Contributions. A Member may, at its sole discretion, offer to make cash contributions to the Authority, provide in-kind services to the Authority or pay costs that otherwise would have been paid by the Authority (referred to as a “Discretionary Member Contribution”). If a Member offers to make a Discretionary Member Contribution, the Authority will, subject to Board approval on a case-by-case basis, make a good faith effort to provide additional transportation services within the boundaries of such Member with a value, or grant such Member a credit against other contributions or contract service payments to the Authority by or on behalf of such Member, in an amount equal to the Discretionary Member Contribution.

Section 7.04. Mitigation of Development Impacts. The Members acknowledge that development occurring within their jurisdictions will, in most cases, have an impact upon local and regional traffic congestion and that, moreover, transit service is one means for mitigating such impacts. Accordingly, Members shall evaluate and may choose to mitigate the traffic impacts of new development within their jurisdictions and/or specifically mitigate impacts upon regional transit services. Such mitigation for regional transit service shall be determined using a consistent methodology established by the Authority based on the rational nexus between development impacts and transportation services. Members shall have sole discretion regarding how such mitigation is implemented through such means as ordinance-based transit impact fees, conditions of approval imposed upon individual development projects, or other mechanisms. Funds derived from such mitigation may be remitted to the Authority to offset capital costs and outlays associated with providing regional transit services to the Member.

Section 7.05. Pursuit of Grants. The Authority shall actively pursue federal, State and other grants to support its activities, including grants for offsetting operating and capital costs, long range planning and environmental review, and major capital improvements. The Authority shall also cooperate and assist Members in their pursuit of federal and State grants for transportation projects.

Section 7.06. Capital Projects and Bonds. The Authority may fund capital projects by the issuance of Authority Bonds if voter approval is obtained for the issuance of such Bonds as required by Section 6.03(d) hereof except for Rural Transportation Enterprises where voter approval is not required and section 612 of the Act; through lease-purchase agreements or other

arrangements permitted by, and subject to compliance with the applicable provisions of, State and federal law; or through one or more agreements with one or more Members.

Section 7.07. No Implied Limits on Powers. Except as otherwise specifically provided, no provision of this Article shall limit the Authority's powers under the Act.

ARTICLE VIII

MEMBERS

Section 8.01. Initial Members. The Initial Members shall be the Initial Signatories whose participation in the Authority is approved at the November 5, 2002 election.

Section 8.02. Withdrawal of Initial Members.

(a) An Initial Member may withdraw from the Authority only if:

(i) The Ballot Question is not approved at the November 5, 2002 election by a majority of electors voting thereon and residing within its jurisdictional boundaries; or

If the Ballot Question fails within the jurisdictional boundaries of one or more of the Initial Signatories, the Governing Body of an Initial Member where the Ballot Question has passed may on or before November 29, 2002 deliver written notice to all the other Initial Members, stating that such Initial Member has withdrawn from the Authority.

ii) If an Initial Member withdraws from the Authority pursuant to subsections (a) or (b) of this section, the territory within the boundaries of such Initial Member will be excluded from the Boundaries of the Authority and Appendices A,C and E shall be amended accordingly.

(b) The Initial Authority Sales Tax that otherwise would have been levied within the boundaries of such Initial Member shall not be levied and the obligations of such Initial Member set forth in this Agreement shall terminate

(c) Members may only withdraw from the Authority in the manner, and subject to the conditions, set forth in this Section. In particular, but not by way of limitation, none of the Initial Signatories may withdraw from the Authority if the Ballot Question is approved by a majority of the registered electors voting in each of the four jurisdictions.

Section 8.03. Additional Members. The State, acting through the State Transportation Commission, or any County or Municipality or portion thereof which is not an Initial Member of the Authority, may become a Member (for purposes of this Section, a "new Member") effective upon (a) the adoption of a resolution of the Board in accordance with Section 3.09 hereof, the effectiveness of which may be conditioned upon compliance by such new Member with any

conditions which the Board, in its sole discretion, sees fit to impose; (b) such new Member's (i) compliance with all conditions to its admission as a Member imposed by the Board, (ii) compliance with all conditions to its entering into this Agreement or admission as a Member imposed under the Act and the Intergovernmental Relations Statute and (iii) adoption and execution of this Agreement in accordance with applicable law; (c) unless the new Member is the State, approval of such new Member's participation in the Authority by the electors residing within the territory of the new Member that is to be included in the Boundaries of the Authority; and (d) compliance with any other conditions to the admission of such new Member as a Member or its execution of this Agreement imposed under the Act, the Intergovernmental Relations Statute or other applicable law.

ARTICLE IX

TERM AND DISTRIBUTION OF ASSETS UPON TERMINATION

Section 9.01. Effective Date. The term of this Agreement shall begin when all the conditions to the establishment of the Authority set forth in Section 2.01 hereof have been satisfied.

Section 9.02. Termination. The term of this Agreement shall end when all the Members agree in writing to terminate this Agreement; provided, however, that this Agreement may not be terminated so long as the Authority has any Bonds outstanding. This Agreement shall terminate on January 1, 2011, unless otherwise reauthorized by the registered voters residing within the district.

Section 9.03. Distribution of Assets Upon Termination. Upon termination of this Agreement pursuant to Section 9.02 hereof, after payment of all Bonds and other obligations of the Authority, the net assets of the Authority shall be distributed to the parties who are Members at such time in proportion to the sum of (a) the amount of cash and the value of property and services contributed by them to the Authority pursuant to Article VII and VIII hereof minus the amount of cash and the value of property previously distributed to them by the Authority and (b) the amount of Authority taxes or other charges (other than fares) paid by their residents to the Authority pursuant to the Authority's exercise of the powers granted to it pursuant to the Act, with taxes or other charges paid by residents of areas of Counties which are also located within a Municipality allocated 100% to the Municipality for such purposes.

ARTICLE X

DEFENSE OF DIRECTORS, OFFICERS, MEMBERS OF ADVISORY COMMITTEES AND EMPLOYEES

Section 10.01. The Authority shall insure and defend each Director, Officer, member of an Advisory Committee and employee of the Authority in connection with any claim or actual or threatened suit, action or proceeding (civil, criminal or other, including appeals), in which he or she may be involved in his or her official capacity by reason of his or her being or having been a Director, Officer, member of a Committee or employee of the Authority, or by reason of any action or omission by him or her in such capacity. The Authority shall insure and defend each

Director, Officer, member of a Committee and employee of the Authority against all liability, costs and expenses arising from any such claim, suit or action, except any liability arising from criminal offenses or willful misconduct or gross negligence. The Authority's obligations pursuant to this Article shall be limited to funds of the Authority available for such purpose, including but not necessarily limited to insurance proceeds. The Board may establish specific rules and procedures for the implementation of this Article.

ARTICLE XI

AMENDMENTS

Section 11.01. Amendments Generally. Except as otherwise specifically provided in Sections 11.02 hereof, this Agreement may be amended only by resolution of the Board.

Section 11.02. Amendments to Boundaries. Notwithstanding Section 12.01 hereof, Appendix A hereto and the definition of "Boundaries" may be amended by (a) a resolution of the Board and (b) the approval of the Governing Body of each Member, any portion of whose territory is either added to or removed from the Boundaries of the Authority pursuant to 43-4-605(2). For purposes of this Section, territory of a Member that is a Municipality shall include territory within such Municipality's boundaries or within such Municipality's comprehensive planning area of influence as established as of the date first set forth above, but shall not include any territory which has previously been included within the incorporated boundaries of another Municipality.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Adoption and Execution of Agreement in Accordance with Law. Each Initial Signatory hereby represents to each other Initial Signatory that it has adopted and executed this Agreement in accordance with applicable law.

Section 12.02. Parties in Interest. Nothing expressed or implied herein is intended or shall be construed to confer upon any Person other than the Initial Signatories and the Members any right, remedy or claim under or by reason of this Agreement, this Agreement being intended to be for the sole and exclusive benefit of the Initial Signatories and the Members.

Section 12.03. No Personal Liability. No covenant or agreement contained in this Agreement or any resolution or Bylaw issued by the Board shall be deemed to be the covenant or agreement of an elected or appointed official, officer, agent, servant or employee of any Member in his or her individual capacity.

Section 12.04. Notices. Except as otherwise provided in this Agreement, all notices, certificates, requests, requisitions or other communications by the Authority, any Member, any Director, any Alternate Director, any Officer or any member of a Committee to any other such person pursuant to this Agreement shall be in writing; shall be sufficiently given and shall be deemed given when actually received, in the case of the Authority and officers of the Authority, at the last address designated by the Authority for such purpose and, in the case of such other

persons, at the last address specified by them in writing to the Secretary of the Authority; and, unless a certain number of days is specified, shall be given within a reasonable period of time.

Section 12.05. Assignment. None of the rights or benefits of any Member may be assigned, nor may any of the duties or obligations of any Member be delegated, without the express written consent of all the Members.

Section 12.06. Severability. If any clause, provision, subsection, Section or Article of this Agreement shall be held to be invalid, illegal or unenforceable for any reason, the invalidity, illegality or enforceability of such clause, provision, subsection, Section or Article shall not affect any of the remaining provisions of this Agreement.

Section 12.07. Interpretation. Subject only to the express limitations set forth herein, this Agreement shall be liberally construed (a) to permit the Authority and the Members to exercise all powers that may be exercised by a rural transportation authority pursuant to the Act and by a separate legal entity created by a contract among the Members pursuant to the Intergovernmental Relations Statute; (b) to permit the Members to exercise all powers that may be exercised by them with respect to the subject matter of this Agreement pursuant to the Act, the Intergovernmental Relations Statute and other applicable law; and (c) to permit the Board to exercise all powers that may be exercised by the board of directors of a rural transportation authority pursuant to the Act and by the governing body of a separate legal entity created by a contract among the Members pursuant to the Intergovernmental Relations Statute. In the event of any conflict between the Act, the Intergovernmental Relations Statute or any other law with respect to the exercise of any such power, the provision that permits the broadest exercise of the power consistent with the limitations set forth in this Agreement shall control.

Section 12.08. Governing Law. The laws of the State shall govern the construction and enforcement of this Agreement.

Section 12.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement.

SIGNATURE PAGE
to
GUNNISON VALLEY TRANSPORTATION AUTHORITY
INTERGOVERNMENTAL AGREEMENT
Dated as of August 20, 2002

ATTEST: CITY OF GUNNISON, COLORADO

Clerk

By _____
Name _____
Title _____

ATTEST: TOWN OF CRESTED, COLORADO

Clerk

By _____
Name _____
Title _____

ATTEST: TOWN OF MT. CRESTED BUTTE,
COLORADO

Clerk

By _____
Name _____
Title _____

ATTEST:

GUNNISON COUNTY, COLORADO

Clerk

By _____

Name _____

Title _____

APPENDIX A

DETERMINATION OF BOUNDARIES OF THE AUTHORITY

The Initial Boundaries of the Authority shall be:

- (i) the corporate limits of the “City of Gunnison”;
- (ii) the corporate limits of the “Town of Crested Butte”;
- (iii) the corporate limits of the “Town of Mt. Crested Butte”;
- (iv) the “Unincorporated Gunnison County” within election precincts 5,7,6,10,12,13, and 8.

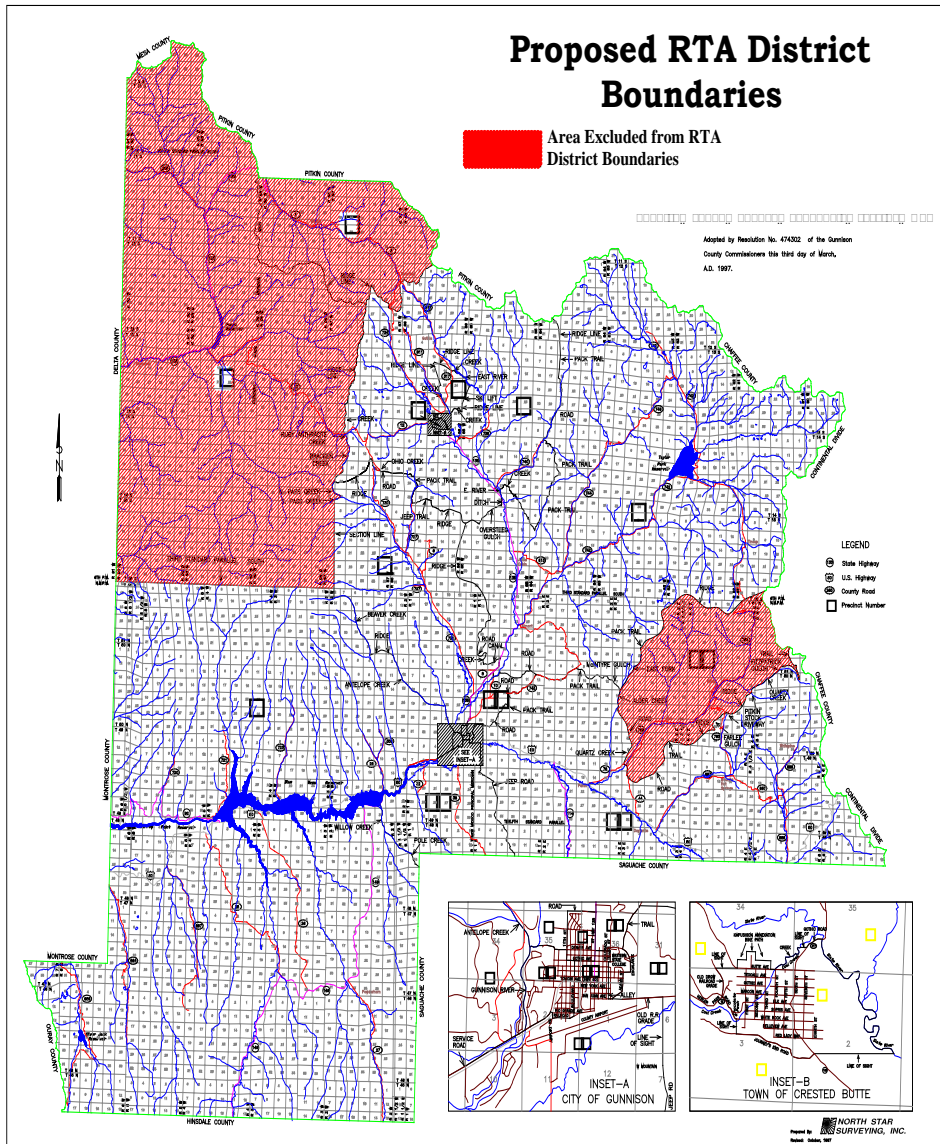
APPENDIX B**GUNNISON VALLEY TRANSPORTATION AUTHORITY (RTA) BALLOT QUESTION**

SHALL GUNNISON VALLEY TRANSPORTATION AUTHORITY ("RTA") TAXES BE INCREASED \$806,754 IN 2003 AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER FROM THE LEVY OF A 0.6% (SIX CENTS ON EACH \$10.00 PURCHASE) EXCEPT IN THE JURISDICTIONAL BOUNDARIES OF THE CITY OF GUNNISON WHERE THE RATE WILL BE 0.35% (THREE AND ONE HALF CENTS ON EACH \$10.00 PURCHASED) UPON EVERY TRANSACTION OR OTHER INCIDENT ON WHICH A SALES TAX IS LEVIED BY THE STATE (WHICH DOES NOT INCLUDE FOOD FOR HOME CONSUMPTION) PROVIDED THAT SUCH TAX SHALL COMMENCE ON JANUARY 1, 2003 AND NOT BE COLLECTED ON AND AFTER JANUARY 1, 2010 UNLESS EXTENDED BY THE RTA VOTERS AND PROVIDED THAT SUCH TAX SHALL NOT BE COLLECTED WITHIN THE BOUNDARIES OF ANY JURISDICTION WHICH WITHDRAWS FROM THE RTA PURSUANT TO THE GUNNISON VALLEY TRANSPORTATION AUTHORITY INTERGOVERNMENTAL AGREEMENT ("IGA") DATED AS OF AUGUST 20, 2002, AMONG GUNNISON COUNTY, THE TOWN OF CRESTED BUTTE, THE TOWN OF MT. CRESTED BUTTE, AND THE CITY OF GUNNISON; SHALL THE RTA BE ESTABLISHED FOR THE PURPOSE OF FUNDING AND PROVIDING EXPANDED MASS TRANSIT AND OTHER TRANSPORTATION SERVICES INCLUDING EXPANDED AIR SERVICE IN ACCORDANCE WITH THE IGA; SHALL ALL AMOUNTS RECEIVED BY THE RTA FROM SUCH TAXES AND OTHER REVENUES AND EARNINGS THEREON BE COLLECTED AND SPENT WITHOUT LIMITATION OR CONDITION, AS A VOTER-APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

FOR _____

AGAINST _____

APPENDIX C



APPENDIX D

REGIONAL TRANSIT SERVICE GOALS

The Authority shall use reasonable efforts to provide the following Regional Transit Services:

1. Expand the current level of service between the City of Gunnison and the Towns of Mt. Crested Butte and Crested Butte to meet the demands of the work force which commutes to work.

2. Provide convenient quality transportation services for tourist and local residents to encourage the use of mass transit rather than personal vehicles to travel between and within the City of Gunnison and the Towns of Crested Butte and Mt. Crested Butte.

3. Research the feasibility of providing public transportation between the City of Gunnison, Crested Butte and Mt. Crested Butte to the trailheads located between Mt. Crested Butte and the town site of Schofield.

4. Provide expanded year round air service for residents and visitors of Gunnison County to enhance the local economy and support the tourist industry through contracts for service with various air carriers.

5. Review the needs for specialized transportation services within the boundaries of the Rural Transportation Authority.

6. Implementation of the new service plan will begin with an amended Upper Gunnison Transportation Plan that will be adopted during 2003. Service improvements will be achieved on a phased basis, as needed and necessary new equipment and staff can be deployed. It is estimated that this process should take 12 to 18 months from date the Authority is formed.

APPENDIX E

ESTIMATED FUNDING FROM DIFFERENT AREAS

**GUNNISON COUNTY, COLORADO
TRANSPORTATION SURTAX
ESTIMATED
REVENUES**

Jurisdiction	Estimated Sales	Tax Increase	Estimated Revenue	Economic Decline *
Mt. Crested Butte	23,977,075.00	0.60%	143,862	
Crested Butte	45,734,726.00	0.60%	274,408	
City of Gunnison	96,419,128.00	0.35%	337,466	
Gunnison County	25,461,443.00	0.60%	152,768	
			<u>908,506</u>	<u>806,753</u>