RECEIVED

JUN 28 2024

DEPT. OF WATER RESOURCES

Form 42-248/42-1409(6) Rev. 6/22

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

NOTICE OF CHANGE IN WATER RIGHT OWNERSHIP

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "*Yes*" in the "*Split?*" column. If the water right is leased to the Water Supply Bank, check "*Yes*". If you are not sure if the water right is leased to the Water Supply Bank, see #7 of the instructions.

Water Right/Claim No.	Split?	Leased to Water Supply Bank?	Water Right/Claim No.	Split?	Leased to Water Supply Bank?
65-8702 ✓	Yes ☐	Yes ☐	65-23813 ✓	Yes ☐	Yes ☐
65-8703 ✓	Yes ☐	Yes ☐	65-23814 ✓	Yes ☐	Yes ☐
65-22475 ✓	Yes ☐	Yes ☐		Yes ☐	Yes ☐
65-23811 ✓	Yes ☐	Yes ☐		Yes ☐	Yes ☐
65-23812 ✓	Yes ☐	Yes ☐		Yes ☐	Yes ☐

2. Previous Owner's Name: Tamarack Homeowners Acquisition Company LLC
   Name of current water right holder/claimant

3. New Owner(s)/Claimant(s): State of Idaho AND Tamarack Mountain Operations, LLC
   New owner(s) as listed on the conveyance document Name connector ☒ and ☐ or

   311 Village Drive, PMB 3026 (Mailing address) | Tamarack (City) | ID (State) | 83615 (Zip)

   208.325.1166 (Telephone) | sturlington@tamarackidaho.com (Email)

4. If the water rights and/or adjudication claims were split, how did the division occur?
   ☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
   ☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.

5. Date you acquired the water rights and/or claims listed above: 06/17/2024.

6. Do you own the land identified as the water right place of use? Yes ☒ No ☐
   - If no, attach evidence that written notice of the change of water right ownership has been delivered to the landowner of record.

7. This form must be signed and submitted with the following **REQUIRED** items:
   ☒ A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
   ☒ Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
   ☒ Filing fee (see instructions for further explanation):
   - $25 per *undivided* water right.
   - $100 per *split* water right.
   - No fee is required for pending adjudication claims.

   SUPPORT DATA IN FILE # 65-8702

   ☐ If water right(s) are leased to the Water Supply Bank AND there are multiple owners, a Lessor Designation form is required.
   ☐ If water right(s) are leased to the Water Supply Bank, the individual owner or designated lessor must complete, sign and submit an IRS Form W-9.

8. Signature: _____ (Signature of new owner/claimant) | President (Title, if applicable) | 06/27/2024 (Date)
   Scott Turlington (Print name)

   Signature: _____ (Signature of new owner/claimant) | Bureau Chief, Idaho Dept. of Lands (Title, if applicable) | 06/25/2024 (Date)
   Tom Kearns (Print name)

For IDWR Office Use Only:

Receipted by KM Date 6.28.24 Receipt No. C118551 Receipt Amt. $ 175.00

Active in the Water Supply Bank? Yes ☐ No ☐ If yes, forward to the State Office for processing. W-9 received? Yes ☐ No ☑

Name on W-9 _____ Approved by _____ Processed by DM Date 7-18-24

RECEIVED
JUL 18 2024
DEPARTMENT OF
WATER RESOURCES

After Recording Return to:

Marten Law, LLP
Attn: Albert P. Barker
P.O. Box 2139
Boise, Idaho 83701

Space Above this Line for Recorder's Use

ASSIGNMENT AGREEMENT FOR CO-OWNERSHIP INTEREST IN WATER RIGHTS

FOR VALUE RECEIVED, TAMARACK MOUNTAIN OPERATIONS LLC, an Idaho limited liability company ("Assignor"), pursuant to that ASSIGNMENT AND ASSUMPTION AGREEMENT OF COMMERCIAL LEASE NO. M-5042, dated December 3, 2018, does hereby assign and transfer to IDAHO DEPARTMENT OF LANDS, an instrumentality of the State of Idaho ("Assignee"), a co-ownership interest in Assignor's right, title and interest in the following decreed and licensed water rights: 65-8702, 65-8703, 65-22475, 65-23811, 65-23812, 65-23813, and 65-23814. The assignment is effective to the extent and only to the extent that such water rights include water that is diverted from wells located on lands owned by the State of Idaho or put to beneficial use on lands owned by the State of Idaho, appurtenant to, and associated with, the real property in T15N R3E, Boise Meridian as further described in the ASSIGNMENT AND ASSUMPTION AGREEMENT OF COMMERCIAL LEASE NO. M-5042, dated December 3, 2018.

This assignment of co-ownership is effective during the term of the State Lease. Pursuant to the ASSIGNMENT AND ASSUMPTION AGREEMENT OF COMMERCIAL LEASE NO. M-5042, dated December 3, 2018, Assignor and Assignee agree to a split of the water rights between Assignor and Assignee upon termination of the State Lease for any reason, based on the amount of water then being derived from, diverted to, and used upon and for the benefit of the Leased Premises, as further set forth in Paragraphs 3.f.ii. 1 through 4, of the ASSIGNMENT AND ASSUMPTION AGREEMENT OF COMMERCIAL LEASE NO. M-5042, dated December 3, 2018. The parties agree that their respective rights of access are set forth in the ASSIGNMENT AND ASSUMPTION AGREEMENT OF COMMERCIAL LEASE NO. M-5042, dated December 3, 2018.

This assignment shall be binding upon and inure to the benefit of the successors and assigns of the parties. Assignor and Assignee shall be co-owners of the above described water rights, and absolutely and unconditionally assume all duties and obligations of associated with those water rights.

[Signature Page to Follow]

DATED THIS 16th DAY OF JULY, 2024

TAMARACK MOUNTAIN OPERATIONS, LLC,
an Idaho limited liability company

Scott Turlington, President

STATE OF IDAHO)
) ss.
County of Valley)

On this 16 day of July, 2024, before me, M Manderscheid Notary Public in and for said State, personally appeared Scott Turlington, known or identified to me to be the President of Tamarack Mountain Operations, LLC, whose name is subscribed to the within instrument and acknowledged to me that he executed the same on behalf of said limited liability company.

WITNESS my hand and official seal.

MICHAEL MANDERSCHEID
Notary Public - State of Idaho
Commission Number 20232946
My Commission Expires Jul 17, 2029

(seal)

Michael Manderscheid
NOTARY PUBLIC FOR Valley CO
My commission expires: 7.17.2029
Residing at: Donnelly ID

WATER RIGHT QUITCLAIM DEED

FOR VALUE RECEIVED, Tamarack Homeowners Acquisition Company LLC, an Idaho limited liability company ("**Grantor**"), hereby grants, bargains, sells, conveys and forever quitclaims to Tamarack Mountain Operations, LLC, an Idaho limited liability company with an address of 311 Village Drive, PMB 3026, Tamarack, ID 83615 ("**Grantee**"), all its right, title, and interest, if any, in the following water rights: 65-8702, 65-8703, 65-22475, 65-23811, 65-23812, 65-23813, or 65-23814

TO HAVE AND TO HOLD, together with the appurtenances, unto **Grantee**, and to its successors and assigns forever.

DATED this 17 day of June, 2024.

GRANTOR:

Tamarack Homeowners Acquisition Company LLC

By Louise Francesconi
Its Manager

STATE OF Idaho)
) ss.
County of Valley)

On this 17 day of June, 2024, before me, Kim Teffeteller, a Notary Public in and for said State, personally appeared Louise Francesconi, known or identified to me to be the person whose name is subscribed to within this instrument, and acknowledged to me that she executed the same on behalf of Tamarack Homeowners Acquisition Company LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

KIM TEFFETELLER
COMM. #20240180
NOTARY PUBLIC
STATE OF IDAHO

Notary Public for _____
Residing at _____
My commission expires 1/19/2030

Instrument # 418006
VALLEY COUNTY, CASCADE, IDAHO
12-03-2018 16:41:24 No. of Pages: 314
Recorded for: ALLIANCE TITLE - BOISE PRODUCTION
DOUGLAS A. MILLER Fee: $949.00
Ex-Officio Recorder Deputy: RRA
Electronically Recorded by Simplifile

ASSIGNMENT AND ASSUMPTION AGREEMENT OF COMMERCIAL LEASE NO. M-5042

This Assignment & Assumption of Commercial Lease No. M-5042 (the "**Agreement**"), dated effective as of December 3, 2018, is entered into by and among the **STATE BOARD OF LAND COMMISSIONERS**, acting by and through the **IDAHO DEPARTMENT OF LANDS**, whose mailing address is 300 N. 6th Street, Boise, Idaho 83702 ("**Lessor**"); **TAMARACK MUNICIPAL ASSOCIATION, INC.,** an Idaho non-profit corporation ("**TMA**" or "Assignor"), whose mailing address is 311 Village Drive PMB 3003, Tamarack, Idaho 83615; and **TAMARACK MOUNTAIN OPERATIONS, LLC**, an Idaho limited liability company, whose mailing address is 311 Village Drive PMB 3026, Tamarack, Idaho 83615 ("**TMO**" or "Assignee"). Hereinafter, Lessor, TMA and TMO shall be referred to as the "**parties**".

RECITALS

WHEREAS, "**Commercial Lease No. M-5042**" was originally executed by and between Westrock Associates, L.L.C., a Delaware limited liability company, as lessee, and Lessor, dated June 11, 2002 (a true and correct copy of the State Lease is attached as **Exhibit "A"** and incorporated herein by reference).

WHEREAS, "**Addendum No. 1 to Commercial Lease No. M-5042**", dated June 10, 2003, was executed by and between Lessor and Tamarack Resort, L.L.C. ("**TRLLC**"), as lessee, formerly known as Westrock Associates, L.L.C. (a true and correct copy of which is attached hereto as **Exhibit "B"** and incorporated herein by reference).

WHEREAS, on June 20, 2003, Lessor and TRLLC entered in to that certain "**Summary of License Granted Under Commercial Lease No. M-5042**" (the "Summary of License", a true and correct copy of which is attached hereto as **Exhibit "C"** and incorporated herein by reference).

WHEREAS, on August 5, 2005, Lessor and TRLLC executed that certain "**Modification No. 2 to Commercial Lease No. M-5042**" (a true and correct copy of which is attached hereto as **Exhibit "D"** and incorporated herein by reference).

WHEREAS, on May 2, 2006, Lessor and TRLLC executed that certain "**Modification No. 3 to Commercial Lease No. M-5042**" (a true and correct copy of which is attached hereto as **Exhibit "E"** and incorporated herein by reference).

WHEREAS, on May 19, 2006, TRLLC assigned the State Lease to Credit Suisse AG, Cayman Islands Branch, as collateral agent for certain lenders ("Agent"), pursuant to that certain Mortgage, Leasehold Mortgage, Security Agreement, Assignment of Rents and Leases and Financing Statement dated May 19, 2006 (the "Mortgage"), and recorded on May 19, 2006 in the official records of Valley County, Idaho as Instrument No. 308953 and on May 22, 2006 in the official records of Adams County, Idaho as Instrument No. 111741, as collateral for loans made by the Lenders (as defined in the Mortgage) to TRLLC. Lessor consented to such assignment

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OF
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pursuant to that certain Landlord Estoppel and Agreement dated as of May 15, 2006, between Lessor and Agent, for the benefit of Lenders.

WHEREAS, in March 2008, Agent, at the direction and for the benefit of Lenders, commenced a foreclosure action against TRLLC, entitled In re Tamarack Resort Foreclosure and Related Proceedings, District Court of the Fourth Judicial District, State of Idaho, County of Valley, Case No. CV-08-114C ("State Court Action"). On March 10, 2014, the Sheriff of Valley County, Idaho, held a sheriff's sale ("Sheriff's Sale") pursuant to a judgment and decree of foreclosure entered in the State Court Action. Agent was the successful bidder at the Sheriff's Sale. Prior to the issuance of the Certificate of Sale (as defined below), Agent assigned to TMO, pursuant to that certain Assignment of Certificate of Sale Upon Foreclosure On Initial Tamarack Property (the "Assignment"), Agent's right to acquire the interests of TRLLC in, to and under the State Lease pursuant to a certificate of sale issued by the Sheriff of Valley County, Idaho, on March 10, 2014, which certificate was recorded in the official records of Valley County, Idaho on March 11, 2014 as Instrument No. 383729 and in the official records of Adams County, Idaho on March 12, 2014 as Instrument No. 126462 (the "Certificate of Sale"). The Assignment was recorded in the official records of Valley County, Idaho on March 10, 2014 as Instrument No. 383699 and in the official records of Adams County, Idaho on March 11, 2014 as Instrument No. 126459.

WHEREAS, in October 2014, the State Lease was assigned to, and the obligations assumed by New TR Acquisition, Co, LLC ("New TRAC") pursuant to that certain "**Assignment and Assumption Agreement of Commercial Lease No. M-5042"** to which Lessor granted its consent on October 2, 2016, (a true and correct copy of which is attached hereto as **Exhibit "F"** and incorporated herein by reference).

WHEREAS, on or about September 30, 2016, New TRAC and TMA entered into that certain "**Assignment and Assumption Agreement of Commercial Lease no. M-5042**" (a true and correct copy of which is attached hereto as **Exhibit "G"** and incorporated herein by reference), and on May 26, 2017, the Land Board consented to the assignment to, and the assumption of, the State Lease by TMA.

WHEREAS, the documents identified as Exhibits A (Commercial Lease No. M-5042), B (Addendum No. 1 to Commercial Lease No. M-5042), C (Summary of License Granted Under Commercial Lease No. M-5042), D (Modification No. 2 to Commercial Lease No. M-5042), E (Modification No. 3 to Commercial Lease No. M-5042), F. (Assignment to New TRAC), and G (Assignment to TMA), are herein and hereinafter collectively referred to as the "**State Lease**".

WHEREAS, pursuant to the terms of the State Lease, Lessor has the final approval of any subsequent or successor lessee.

AND WHEREAS, TMA, as the Assignor and current approved Lessee, and TMO, as the Assignee and proposed successor Lessee, have, has requested that Lessor approve TMO as the Lessee pursuant to the State Lease. Hereinafter, and upon the Lessor's Consent, TMO shall be the "Lessee".

NOW THEREFORE, for and in consideration of the promises, covenants, conditions and agreements herein contained, the parties hereby agree as follows:

1. **Assignment & Assumption; Consent**. TMA hereby assigns to TMO, and TMO hereby assumes, all of the rights, interests, duties, liabilities and obligations of Lessee pursuant to the State Lease and the terms and conditions set forth herein. Lessor hereby approves such assignment on the terms and conditions set forth in this Agreement. In the event of any conflict between the terms of this Agreement and the terms of the State Lease, the terms of this Agreement shall control to the extent of such inconsistency.

2. **Sublease for Operations**. If TMO intends to sublease the operation of any portion of the Leased Premises (as defined in the State Lease), then TMO shall first seek the approval of Lessor for a sublease with an acceptable operator for the operation of the Leased Premises. Approval of such a sublease shall be in accordance with by Article X.B of the State Lease.

3. **Prior and Current Defaults**. In the assignment and assumption of the rights and obligations of the State Lease, TMO has assumed the obligations of prior lessees', TRLLC, New TRAC and TMA, in the State Lease including obligations relating to prior defaults and agreed resolution for those defaults, which are set forth herein. TMA and Lessor represent that the following issues relating to prior and known defaults or issues of noncompliance with the terms and conditions of the State Lease are the only known issues of default or noncompliance. The parties agree that the following known prior and current defaults or issues of noncompliance shall be waived subject to resolution as follows:

    a. **Mid-Mountain Lodge**. On or before December 31, 2024, TMO shall complete the Mid-Mountain Lodge, or remove it entirely from the Leased Premises and restore the Leased Premises to the extent reasonably practical to their condition immediately prior to construction operations of said Mid-Mountain Lodge. If TMO assigns or requests an assignment of this Agreement to any new party or entity at any time prior to December 31, 2024, and if the Mid-Mountain Lodge is not completed, as evidenced by a certificate of occupancy, then TMO or its proposed assignee or successor-in-interest shall, prior to any approval of any such assignee or successor-in-interest by Lessor, provide in favor of Lessor a bond or letter of credit in an amount sufficient to remove the Mid-Mountain Lodge from the Leased Premises and to restore that portion of the Leased Premises to the extent reasonably practical to its condition as it existed immediately prior to construction operations of the Mid-Mountain Lodge. The amount of any such bond or letter of credit shall equal the difference between (x), Sixty-Nine Thousand Dollars ($69,000.00), which is the amount that Lessor has allocated from the previously liquidated reclamation bond for the removal of Mid-Mountain Lodge and restoration of that portion of the Leased Premises as set forth above, and (y), the amount estimated to remove and restore same at the time of any assignment as set forth in this Paragraph 3.a. The acceptance of any estimated amount required for any reclamation bond shall not in any way diminish or limit any bonding or reclamation obligations required pursuant to the State Lease. Nothing herein affects Section VIII.C of the State Lease.

b. **Restoration of Wildwood Ski Lift**. The Authorization for Ski Lift Financing Commercial Lease No. M-5042, authorized the construction of certain ski lifts, including that certain ski lift identified as the Wildwood Lift. In the event of its removal, TRLLC, as lessee, was required to replace and restore the removed ski lift. The Wildwood Lift was removed in 2013 pursuant to the enforcement of that certain Authorization for Ski Lift Financing Commercial Lease No. M-5042 between Lessor and TRLLC, including the Warranty Bill of Sale and Master Lease Agreement Number: 16789-09000, the subject of the Authorization for Ski Lift Financing Commercial Lease No. M-5042, between TRLLC and Banc of America Leasing & Capital, LLC ("**BALC**"). On or before December 31, 2024, TMO shall either replace the Wildwood Lift removed by BALC, or remove the concrete pads upon which the ski lift poles rested for the Wildwood Lift, or remove so much of the concrete pads such that each concrete pad is no less than three (3) feet below the surface of the land. Prior to any removal or reduction of the concrete pads, TMO shall obtain the prior written approval from Lessor for such removal or reduction of the concrete pads and Lessor may require some or all of the concrete pads to be removed. If TMO assigns or requests an assignment of this Agreement to any new party or entity at any time prior to December 31, 2024, and if the Wildwood Lift has not been replaced or the concrete pads removed as set forth herein, then TMO or its proposed assignee or successor-in-interest shall, prior to any approval of any such assignee or successor-in-interest by Lessor, provide in favor of Lessor a bond or letter of credit in an amount sufficient to remove the concrete pads from that portion of the Leased Premises and to restore that portion of the Leased Premises to the extent reasonably practical to its condition as it existed immediately prior to construction operations at the time of the initial construction of the Wildwood Lift. The amount of any such bond or letter of credit shall equal the difference between (x) One Hundred and Two Thousand Dollars ($102,000.00), which is the amount that Lessor has allocated from the previously liquidated reclamation bond for the removal of the Wildwood Ski Lift and restoration of that portion of the Leased Premises as set forth above, and (y) the amount estimated to remove and restore same at the time of any assignment as set forth in this Paragraph 3.b. The acceptance of any estimated amount required for any reclamation bond shall not in any way diminish or limit any bonding or reclamation obligations required pursuant to the State Lease. Nothing herein shall affect Section VIII.C of the State Lease.

c. **Taxes and Assessments**. TMO promises and represents that all taxes, assessments, interest and penalties related to the Leased Premises are current and paid in full and assessments shall be timely paid and kept current, as set forth in Article XII of the State Lease. Taxes and assessments, and associated penalties, interest and fees thereon, related to the real and personal property the subject of the License, which real property is identified as the Licensed Property, and the personal property identified as the Ski Hill License Facilities (as defined in the Lease and in the Summary of License), shall be paid, settled or otherwise satisfied no later than the following:

i. Thirty (30) days following service of a Notice of Pending Issue of Tax Deed in respect thereof by any governmental authority, if applicable to the nature of the tax or assessment; provided further, that TMO shall provide copies of any such notice of delinquency for nonpayment of any such taxes or assessments or tax deed.

ii. Thirty (30) days prior to any applicable foreclosure sale or the execution against any such property or property right pursuant to any legal remedy of any party; provided further, that TMO shall provide copies of any such notice of foreclosure, foreclosure sale, or other actions seeking any such legal remedy or execution against any of the property the subject of the License.

d. **Construction Plans and Estimates**. Past failures to provide construction plans for Improvements on the Leased Premises as well as cost estimates for the years 2010 through 2018 are hereby waived subject to the following requirement to provide additional information on the location of Improvements. TMO shall provide annual construction plans and cost estimates in accordance with the terms of the State Lease for all future construction activities upon the Leased Premises, including final as-built information if different than information provided in the submitted construction plans. Within eighteen (18) months of the date of this Agreement, TMO will make commercially reasonable efforts to locate and provide to Lessor such information that prior owners and their agents may have regarding existing Improvements and shall provide such information to Lessor. TMO shall also provide such information as acquired throughout the course of its activities as such information becomes known or is discovered by TMO. Information relating to the prior Improvements and structures on the Lease Premises include, but is not limited to, the following: the nature and location of above- and below-ground structures and Improvements, and the engineering specifications thereof, including, but not limited to:

i. **Location and Description of Existing Improvements**. TMO shall provide to Lessor detailed engineering description and location information with regard to the following located on the Leased Premises, and those located on the Licensed Property:

1. All above and below ground infrastructure, including, but not limited to, origin of all water sources, water holding structures and capacities, and delivery systems.
2. All above and below ground equipment and utilities, including, but not limited to, cables, wires, pipes, fiber optics, gas lines, electrical and transmission lines.
3. All structures related to the zip line.
4. All improvements, as built, for which no accurate or complete plans and information has previously been provided to Lessor.

e. **Optional Percentage Rent**. The following identified provisions of Article II.C., "Optional Percentage Rent", of the State Lease relating specifically to Golf Course Gross Receipts and Lessee's operating requirements for the Golf Course set forth in

Article II.C.5.(b), including green fees and other access fees, and golf cart rentals; and relating to proration of gross receipts from golf related activities set forth in Article II.C.5.(g)(i), are hereby waived with the exception of any income generated by the three golf holes, or portions thereof, which are included in the description of the Leased Premises pursuant to the State Lease. This waiver is granted because (1) with the exception of the three identified golf holes, the golf course is currently owned by a party or entity completely unrelated to, and unaffiliated with, TMO; (2) the golf course is not under the direction or control of TMO; and, (3) TMO plays no role in the operation or management of the golf course and receives no income therefrom with the exception of any income related to the three identified golf holes. Failure to operate the golf course during such period as Lessee or its affiliates do not own or control the remaining holes is hereby waived; however, if at any point in the future, TMO or the then Lessee under the State Lease, or any person or entity related to, owned, controlled or under common control by TMO or said Lessee, or an affiliate thereof, operate or manage the Golf Course or receive any proceeds therefrom in addition to any income derived from the three identified golf holes, then this waiver shall automatically terminate, and all terms of the State Lease affecting such property, including, but not limited to, Article II.C.5.(b) and C.5.(g)(i) shall then be applicable in full. The provisions of this Paragraph 3.e. apply only in the event the State elects to convert to Optional Percentage Rent pursuant to Article II.C of the State Lease.

f. **Title and Ownership of Improvements, Water Rights, Licensed Property and Ski Hill License Facilities**.

i. The State Lease requires all Improvements, water rights, and the real and personal property the subject of the License, the Licensed Property, and the Ski Hill License Facilities, respectively, to be owned by the lessee in accordance with the State Lease. Prior to this Agreement, title and ownership of the Improvements, water rights, the Licensed Property, and the Ski Hill License Facilities, was transferred voluntarily by TMA or by operation of law or legal process to non-lessee parties in default of the terms of the State Lease. TMO represents that all right, title and interest in all Improvements, water rights, the Licensed Property and Ski Hill License Facilities related to the operation of the State Lease and/or located on the Leased Premises and the Licensed Property are currently in the name of TMO, as of the date of this Agreement, and TMO shall provide proof of such ownership by providing copies of such documents to Lessor within sixty (60) days of the execution of this Agreement. Hereafter, all right, title and interest in the Improvements shall at all times be and remain in the name of the Lessee of the State Lease.

ii. Water is currently being used on the Leased Premised under water right permit 65-22357 ("Permit). The Permit contains one point of diversion ("POD") located on the Leased Premises and several PODs located off the Leased Premises. A portion of the place of use ("POU") for the Permit is also located on the Leased Premises. Proof of Beneficial Use for the Permit has been submitted to the Idaho Department of Water Resources ("IDWR"), but the Permit has not yet been licensed. The State Lease requires that Lessor be

named as the owner of water rights with PODs or POUs located on the Leased Premises.

Given the nature of the Permit, and the fact that final proof associated with the Permit has yet to be recognized and licensed by IDWR, any formal division of ownership of the Permit or license in accordance with the terms and conditions of the State Lease should occur at the time of a termination of the State Lease. Therefore, Lessee agrees to a split of the Permit or license between Lessor and Lessee upon termination of the State Lease for any reason, based on the amount of water then being derived from, diverted to, and used upon and for the benefit of the Leased Premises, as further set forth in Paragraphs 3.f.ii.1 through 4, below.

Within the context of this Assignment and Assumption Agreement, termination of the State Lease for any reason will include termination due to TMO's default, but will not apply to situations in which the State Lease is renewed and TMO remains the sole Lessee.

Application for Permit 65-23750 ("Application") also contains PODs and POU on the Leased Premises. Whether Lessee must withdraw or amend the Application will be determined in accordance with Paragraph 3.f.ii.4, below.

1. **Ownership of Permit 65-22357 and Application for Permit 65-23750.**

   Prior to this Agreement, ownership of the Permit and the Application was transferred by TMA to non-lessee parties in default of the terms of the State Lease which require that all property subject to the State Lease be held in the name of Lessee and/or Lessor only. To cure this default, TMO shall provide proof that it owns the Permit and Application by providing documents to Lessor within sixty (60) days of the execution of this Agreement demonstrating such ownership. Hereinafter, all right, title, and interest in the water rights shall at all times be and remain in the name of Lessee of the State Lease or in the name of the State of Idaho Department of Lands.

2. **Acquisition of New Water Rights on the Leased Premises.**

   The State Lease requires that all new water rights acquired or developed on the Leased Premises shall be owned by the State of Idaho. Any new water right application(s) filed by Lessee with the Idaho Department of Water Resources ("IDWR") after the date of this Agreement which contain either a point of diversion ("POD") or place of use ("POU") on the Leased Premises must provide for co-ownership of the water right to be held jointly between Lessee and the State of Idaho Department of Lands. Lessee shall be solely responsible for filing fees, attorney fees, experts, and other resources necessary to complete the administrative process of acquiring a water right license. Upon acquisition of a permit, Lessee shall be

responsible for putting the water to beneficial use within the development period and for submitting proof of beneficial use to IDWR. Lessee shall be required to measure and monitor the amount of water being used under the water right, including measurement of the amount of water being used only on the Leased Premises.

a. New Water Rights on the Leased Premises with POD and POU on the Leased Premises Only.

   At the time of termination of the State Lease for any reason, any water right acquired by Lessee as co-owner with the State of Idaho after the date of this Agreement that contains a POD and POU on the Leased Premises only shall be transferred into the name of the State of Idaho Department of Lands as the sole owner.

b. New Water Rights on the Leased Premises with POD off the Leased Premises, but POU on the Leased Premises.

   At the time of termination of the State Lease for any reason, any water right acquired by Lessee as co-owner with the State of Idaho Department of Lands after the date of this agreement that contains POD(s) off state land, but a POU that includes the Leased Premises, ownership of said right shall be split between the Lessee and the State of Idaho Department of Lands. The quantity of water split into the name of the State of Idaho Department of Lands shall be determined by the measurement/monitoring records kept by Lessee demonstrating the amount of water being used on the Leased Premises only. The POU of the portion of the split in the State of Idaho Department of Lands' name shall include only the Leased Premises. The portion of the split in the State of Idaho Department of Lands' name may include PODs off the Leased Premises if those PODs provide water used on the Leased Premises. If POD(s) off the Leased Premises provide water to the Leased Premises, then Lessee shall provide an easement or right of way acceptable to Lessor that provides for Lessor's continuing access to any POD located off the Leased Premises. The easement or right of way shall also include provisions for the continuing operation and maintenance of conveyances structures, wells or pumps that are acceptable to Lessor, as further described in Paragraph 3.f.iv, below. The POU and POD(s) for the portion split into the name of the Lessee shall not be on or contain any portion of the Leased Premises.

3. Water Right Permit 65-22357.

a. Lessee shall be solely responsible for demonstrating proof of beneficial use under the Permit so as to secure a license from IDWR.

b. Lessee must provide ongoing measurement and monitoring of the quantity of water being used under the Permit or subsequently-issued license that is derived from, diverted to, or being used upon the Leased Premises including monitoring after a license is issued. Lessee shall provide yearly updates to Lessor regarding the quantity of water being used on the Leased Premises.

c. To the extent the Permit is licensed with either POD(s) or POU(s) on the Leased Premises, ownership of the Permit shall be split between Lessee and the State of Idaho Department of Lands upon termination of the State Lease for any reason as follows:

The quantity of water that will be split into the sole ownership of the State of Idaho Department of Lands shall be determined by the quantity of water being used on the Leased Premises, based upon the measurement and monitoring conducted in accordance with Paragraph 3.f.ii.3.b. The POU of the portion of the Permit split into the State of Idaho Department of Lands' sole ownership shall include only the Leased Premises. However, the portion of the Permit split into the State of Idaho Department of Lands' sole ownership may include POD(s) on private land to the extent such POD(s) divert water for use on the Leased Premises.

d. Lessee shall cooperate fully with Lessor in filing a transfer application and providing any necessary documentation to effect the ownership split described in Paragraph 3.f.ii.3.c, above. Lessee shall provide an easement or right of way acceptable to Lessor that provides for Lessor's continuing access to any POD located off the Leased Premises and for the continuing operation and maintenance of any conveyance structures, pumps, or wells, as further described in Paragraph 3.f.iii, below. The portion of the Permit split into Lessee's name shall not include a POU or POD(s) on the Leased Premises.

4. Water Right Application 65-23750.

If the Application includes either a POD or POU on the Leased Premises, the Application shall be amended to include the State of Idaho as a co-owner of the application. Lessee shall be solely responsible (consistent with Paragraph 3.f.ii.3 above) for pursuing the Application through licensing. If the Application is ultimately licensed, ownership of the water right be split in accordance with Paragraph 3.f.ii.3, above.

iii. In order to protect the interests of Lessor, Lessee shall not alienate any water rights now existing or which may come into existence during the term of this lease term which rights are derived from, diverted to, or used upon the leased premises.

iv. Within sixty (60) days from the date of the execution of this Agreement, TMO shall provide Lessor an easement for access, including ingress and egress, provided for herein shall also include the right to use and maintain the easement area and all necessary water delivery infrastructure and systems which may be necessary for the intended purpose of enjoying the water rights, including, but not limited to, all infrastructure and systems located over, under and across any and all Licensed Property and all other privately-owned property upon which any necessary water delivery infrastructure may exist, extending from any and all necessary points of diversion to the place of use on the Leased Premises for all uses of water used on the Leased Premises. The easement may be recorded within the county records as Lessor sees fit.

4. **Additional Conditions Required For Lessor's Approval of Assignment**. In order to protect the interests of Lessor, the following shall be required additional terms and conditions of the State Lease:

   a. **Prepayment of Rent for 2019 Lease Year**. Within five (5) days of the approval of this Agreement by the State Board of Land Commissioners, Lessee shall pay in full and in advance all required lease payments for the lease year 2019 in the amount of $298,719.92, which would otherwise be due and payable on or before January 1, 2019.

   b. **Assurances**. Prior to the execution of this Agreement by Lessor, TMO shall pay or provide acceptable security to Lessor for a deposit in the amount of Eight Hundred Ninety-Six Thousand Seven Hundred Nineteen Dollars and 92/100 ($896,159.76) to be held by Lessor for the primary purpose of securing an amount in the event of a default in the timely payment of rent as the same becomes due and owing in an amount equal to approximately three (3) annual lease payments and to partially compensate Lessor in the event of Lessee's default. The deposit shall be forfeited in the event of a default in the payment of rent and failure to cure within the time provided in the terms of the State Lease, or upon the termination of the State Lease by reason of a default of Lessee. Annual rent payments shall be timely made each and every year as they accrue. This deposit is not intended to be a replacement for the obligation to pay rent. The forfeiture of this deposit shall in no way effect or be treated as a cure in any default or failure to pay any lease payment as the same becomes due, and in the event of a default in the payment of rent, in addition to the forfeiture of the deposit, Lessor shall be entitled to pursue any and all legal remedies then available to Lessor pursuant to this Agreement or at law against Lessee for failure to pay rent and/or for any other default, including, but not limited to, filing a legal action for collection or termination of the State Lease. If all rent payments are made without default in a timely manner, and are received by Lessor, without being

late, prior to the 1st day of January of each year such payment is due through and including the lease payment due January 1, 2022, then within sixty (60) days from January 1, 2022; and, provided there is no material default in the State Lease, said deposit shall be returned to Lessee. If any rent payment up to and including the rent payment due prior to January 1, 2022, is paid late, even though such payment is ultimately cured by Lessee, then Lessor shall continue to hold the deposit through the end of the term of the State Lease in December 2026; and, if there are no material defaults at that time, then said deposit shall be refunded to Lessee within sixty (60) days of January 1, 2027; otherwise, said deposit shall be forfeited to Lessor. The deposit may be in any of the following forms:

i. Cash.

ii. First position Deed of Trust on real property acceptable to Lessor in Lessor's discretion, with marketable title free and clear of any lien or encumbrance unless acceptable to Lessor in Lessor's discretion, and with a current appraised value of at least $900,000. TMO would execute a Promissory Note and Deed of Trust for certain real property, all of which to be in form acceptable to Lessor, within sixty (60) days from the date of the execution of this Agreement.

iii. Bond or letter of credit in form acceptable to Lessor.

If an acceptable deposit is initially made by Lessee, then Lessee shall have the option during the term of the deposit, as described above, of requesting that Lessor accept a replacement form of deposit, in one of the above-identified forms of deposit then acceptable to Lessor; and, upon receipt of the replacement deposit, the previously held form of deposit shall be released and/or returned to Lessee, depending of the form of said deposit. For example, if Lessee initially establishes a deposit using a promissory note and deed of trust on a particular piece of property, and thereafter desires to develop, sell or otherwise dispose of such property; and, if Lessee provides a cash deposit, acceptable bond or letter of credit, or provides a deed of trust on other acceptable real property, then following the receipt of the replacement deposit, Lessor would agree to release the prior deposit in the form of secured real property with a deed of reconveyance.

c. **Reclamation Bond**. Lessor currently holding $781,000 in reclamation funds to secure the reclamation of the Leased Premises in the event of the termination of the State Lease. Within six (6) months after execution of this Agreement, TMO shall provide Lessor with an updated Reclamation Plan addressing the reclamation required pursuant to Article III.B.3 of the State Lease with respect to all Improvements completed or then under construction, which Reclamation Plan shall include TMO's estimate of the cost of reclamation set forth in such Reclamation Plan. Upon Lessor's agreement with the estimated cost of such reclamation, TMO shall promptly furnish a bond for the amount by which the cost of such reclamation exceeds $781,000, if any, and the parties shall thereafter adjust the amount of the bond annually pursuant to the procedures set forth in the State Lease. Failure to provide such information to the reasonable satisfaction of Lessor shall constitute a default of the State Lease.

d. **Performance Bonds**. Lessee shall furnish good and sufficient payment and performance bonds, each in the full contract amount, which bonds may be acquired by Lessee or by Lessee's contractors for each contract for construction of Improvements on the Leased Premises adequately assignable and enforceable by Lessor. Such bonds shall be in favor of Lessor, or in the name of both Lessor and Lessee, and shall be enforceable by both or either Lessor or Lessee to protect against loss due to the failure of Lessee or Lessee's contractor's to complete such construction in accordance with the approved plans, or Lessee's failure to pay contractors, or Lessee's contractor's failure to pay subcontractors and others who may provide goods and services to Lessee relative to any work affecting the Leased Premises. The period of liability of the bonds shall not be terminated until the completion of construction of the respective Improvements to be constructed on the Leased Premises in question and the expiration of the timeframe under applicable law for filing of lien claims with respect to such construction has expired.

5. **Conditions Precedent**. Landlord's consent to this Agreement shall not be effective until the executed Agreement is delivered to TMA and TMO by the Director of the Idaho Department of Lands (or his designee). Such delivery shall not occur until the conditions set forth on Exhibit "H" hereto have been fulfilled, or assurances provided with respect thereto, in each case to the satisfaction of the Director.

6. **Recitals are Contractual in Nature**. The recitals set forth in this Agreement are contractual in nature and are not intended to constitute mere recitals.

7. **Authority**. All parties executing this Agreement represent and warrant that they have full and complete authority to execute this Agreement on behalf of the party represented.

8. **Notices**. All notices required or permitted to be given to Assignor, Lessee or to Lessor under this Agreement or the State Lease, respectively, shall be given in accordance with the terms hereof, or Article XXI of the State Lease, or for any reason to Assignor, Lessee or to Lessor at the following address:

9. **To TMA:**

Tamarack Municipal Association, Inc.
311 Village Drive, PMB 3003
Tamarack ID 83615

with a copy to:
Stephen J Lord
409 West Jefferson Street
Boise ID 83702

To TMO:

Tamarack Mountain Operations LLC
c/o _____

311 Village Drive, PMB 3026
Tamarack, ID 83615
Attention: Project Manager

with a copy to:

Hawley Troxell Ennis & Hawley
Michael M. Stoddard
877 Main Street, Suite 1000
Boise, ID 83702

To LESSOR:

Idaho Department of Lands
Leasing Program Manager
300 N. 6th Street
Suite 103
PO Box 83720
Boise, Idaho 83702-0050

with a copy to:

Office of the Attorney General
Deputy Attorney General
Natural Resources Division
700 W State Street, 2nd Floor
Boise, Idaho 83702

8. **Governing Law and Attorney Fees**. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Idaho. If any party hereto commences an action against any other party to enforce any of the terms hereof or to obtain damages for any alleged breach of any of the terms hereof, the losing party or parties agree to pay the prevailing party or parties all costs, expenses and reasonable attorney fees incurred therein by the prevailing party or parties, which amount shall be included as part of the judgment therein rendered. Nothing contained in this provision shall in any way alter or amend the attorney fee provision in the State Lease.

9. **Execution of Counterparts & Assignments**. This Agreement may be executed in counterparts. Each counterpart shall be deemed an original, and all counterparts shall be deemed the same instrument with the same effect as if all parties hereto had signed the same signature page. Any assignment of this Agreement shall be in accordance with the terms and conditions set forth in the State Lease.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

TMO: **TAMARACK MOUNTAIN OPERATIONS, LLC**
an Idaho limited liability company

Angel E Mender

By: ANGEL E MENDER

Its: VICE PRESIDENT

STATE OF FLORIDA)
) ss.
County of BROWARD)

On this 30 day of November, in the year 2018, before me a Notary Public in and for said State, personally appeared Angel Mendez known, or identified to me, to be the authorized signatory of Tamarack Mountain Operations, LLC, the limited liability company that executed the instrument, ~~or the person who executed the instrument on behalf of _____, a Delaware limited liability company, and acknowledged to me that such limited liability company executed the same as managing member of _____, a limited liability company, and acknowledged to me that said person executed the same as authorized signatory for and on behalf of _____.~~

Notary Public for the State of FLORIDA
Residing at: 16760 S.W. 36TH CT. MIRAMAR FL 33027
My Bond expires: 7/26/22

(Seal)

IAN STETSON ELLIS
State of Florida-Notary Public
Commission # GG 242529
My Commission Expires
July 26, 2022

TMA: **TAMARACK MUNICIPAL ASSOCIATION, INC**
an Idaho non-profit corporation

By: Louise Francesconi

Its: President

STATE OF Arizona)
) ss.
County of Pima)

On this 27th day of November, in the year 2018, before me a Notary Public in and for said State, personally appeared Louise Francesconi, known, or identified to me, to be the authorized signatories of Tamarack Municipal Association, Inc., the corporation that executed the instrument or the person who executed the instrument on behalf of, said corporation, and acknowledged to me that such corporation executed the same.

(Seal) Jessica Peabody
Notary Public
Maricopa County, Arizona
My Comm. Expires 01-25-2020

Notary Public for the State of Arizona
Residing at: Tucson, Arizona
My Bond expires: 01/25/2020

LESSOR: STATE BOARD OF LAND COMMISSIONERS

IN WITNESS WHEREOF, I, **C.L. "BUTCH" OTTER**, the Governor of the State of Idaho and President of the State Board of Land Commissioners, have hereunto signed my name and caused the Great Seal of the State of Idaho and the Seal of the State Board of Land Commissioners to be hereunto affixed, this 3 day of December, 2018.

Governor of Idaho and President of the
State Board of Land Commissioners

COUNTERSIGNED:

Secretary of State

Director, Department of Lands

STATE OF IDAHO)
) ss.
County of Ada)

On this 3rd day of DECEMBER, in the year 2018, before me a Notary Public in and for said State, personally appeared **C.L. "BUTCH" OTTER**, known to me to be the Governor of the State of Idaho and President of the State Board of Land Commissioners, and **LAWERENCE E. DENNY**, known to me to be the Secretary of State of the State of Idaho, and **DUSTIN T. MILLER,** known to me to be the Director of the Department of Lands of the State of Idaho, who executed the said instrument and acknowledged to me that such State of Idaho executed the same.

Notary Public for the State of Idaho
Residing at: BOISE, ID
My Bond expires: 7/12/23

(Seal)

DELFINA KRAKAU
COMMISSION #43413
NOTARY PUBLIC
STATE OF IDAHO
MY COMMISSION EXPIRES 07/12/2023

EXHIBIT "A"

COMMERCIAL LEASE NO. M-5042

See attached.

COMMERCIAL LEASE
No. M-5042
WESTROCK ASSOCIATES, L.L.C.

This lease agreement (Lease) is made and entered into by and between the State of Idaho, acting by and through the State Board of Land Commissioners (Lessor) and WestRock Associates, L.L.C., a Delaware Limited Liability Company, (Lessee), 8671 Wilshire Blvd., Suite 700, Beverly Hills, CA, 90211, collectively referred to herein as the "Parties" In consideration of the mutual covenants and conditions contained herein, the Parties agree as follows:

This Lease shall commence on the date set forth in Article O, Section C of Attachment A (Commencement Date), and continue for a term set forth in Article I, Section A of Attachment A unless terminated sooner pursuant to the terms hereof.

The Lessor does hereby lease and demise unto the Lessee, at the rate and for the use specified herein, the lands described in Attachment B, subject to the foregoing terms covenants, restrictions, and conditions described in Attachment A, herein incorporated by reference, are hereby agreed to by Lessee and Lessor.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed the day and year of the last signature hereto.

IDAHO STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne — Date: 6-11-02
President of the State Board of Land Commissioners
Governor of the State of Idaho

Pete T Cenarrusa — Date: 06-07-02
Secretary of State

Winston A Wiggins — Date: 6-11-02
Director, Department of Lands

STATE OF IDAHO,)
) **SS**
COUNTY OF ADA)

JULIE TENSEN NOTARY PUBLIC STATE OF IDAHO

On the date set forth by each of the above signatures, before me, a Notary Public in and for said State, personally appeared Dirk Kempthorne, known to me to be the President of the Idaho State Board of Land Commissioners and the Governor of the State of Idaho; and Pete T Cenarrusa, known to me to be the Secretary of the State of Idaho; and Winston A. Wiggins, known to me to be the Director, Department of Lands, that executed the within instrument, and acknowledged to me that the State Board of Land Commissioners of the State of Idaho and the State of Idaho executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on this 11th day of June, 2002.

Julie Tensen — Boise, Id — 2/4/05
Notary Public — Residence — Commission Expires

EXHIBIT A

LESSEE

WestRock Associates, LLC

By: Boespflug
Jean Pierre Boespflug, Managing Director

Date: June 11, 02

JULIE TENSEN NOTARY PUBLIC STATE OF IDAHO

STATE OF IDAHO,)
) SS
COUNTY OF ADA)

On this 11th day of June in the year 2002, before me, a Notary Public in and for said State, personally appeared Jeane Pierre Boespflug, known or identified to me to be the Managing Director of WestRock Associates, LLC, and the person that executed the within instrument on behalf of said limited liability company, and acknowledged to me that WestRock Associates, LLC executed the same

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Julie Jensen
Notary Public

Boise Id
Residence

2/4/05
Commission Expires

List of Attachments

Attachment A	**Terms, Covenants, Restrictions and Conditions**
Attachment B	**Description of Leased Premises**
Attachment C	**Development Plan**
Attachment D	**Forms for surety bonds, letter of credit bonds, cash bonds and Certificate of Deposit bonds**
Attachment E	**Forms of Opinion – Counsel and Project Engineer**

ATTACHMENT A
Terms Covenants, Restrictions, And Conditions

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ARTICLE 0

DEFINITIONS

The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below.

A. "Base Rent" shall mean the sums paid by Lessee described in Section C.1 of Article II of this Lease.

B. "Board" shall mean the Idaho Board of Land Commissioners.

C "Commencement Date" shall mean the date of the last signature to this Lease.

D. "Department" shall mean the Idaho Department of Lands.

E "Development Plan" shall mean the documents attached hereto as Attachment C consisting of:

1. WestRock Master Plan pages 1, 2, and 6 through 22 of 22;
2. WestRock Resort Facilities Program Summary dated March 2002;
3. WestRock Phase One Minimum Ski Area;
4. WestRock description of Section 404 Permit work on State Lands.

F "Development Rent" shall mean sums to be paid by Lessee as described in Section A, Article II of this Lease.

G. "Environmental Law" shall mean any federal, state, or local statute, rule, regulation, ordinance, order or decree relating to or imposing liability or standards of conduct concerning any hazardous, toxic, or dangerous waste, substance, or material, presently in effect or that may be promulgated in the future and as may be amended from time to time, including but not limited to the statutes listed below:

- Resource Conservation and Recovery Act of 1976, 42 U.S.C § 6901, *et seq.*;
- Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9601, *et seq*;
- Clean Air Act, 42 U.S C. § 7401, *et seq.*;
- Federal Water Pollution Control Act (Clean Water Act of 1977), 33 U.S C. § 1251, *et seq.*;
- Federal Insecticide, Fungicide, and Rodenticide Act (Federal Pesticide Act of 1978), 7 U S.C. § 136, *et seq.*;
- Toxic Substances Control Act, 15 U S.C § 2601, *et seq* ;
- Safe Drinking Water Act, 42 U.S.C. § 300f, *et seq.;* and
- Hazardous Materials Transportation Act, 49 U.S.C § 1801, *et seq.*

H. "Golf Course" shall mean the entire WestRock 18 hole golf course as contemplated in the Development Plan.

I "Government Approval" shall mean any authorization, approval, consent, waiver, exception, license, filing, registration, ruling, permit, tariff, certification, exemption, and any other action or requirement by or with any Governmental Authority relating to the construction of the Project or the Lessee's execution, delivery, or performance of this Lease.

J. "Government Authority" shall mean any Federal, state, local, or foreign governmental department, commission, board, bureau, authority, agency, court, instrumentality or judicial or regulatory body or entity with authority or jurisdiction over the Lessee, the Project, or the Leased Premises.

K. "Gross Receipts" shall have the meaning assigned thereto in Section C.5 Article II of this Lease.

L "Hazardous Substances" shall mean any chemicals, materials, substances, pollutants or contaminants, including, without limitation, petroleum, crude oil, petroleum wastes, motor fuels and lubricants, radioactive material, hazardous wastes, toxic substances, asbestos, PCBs, leaded paint or any other material similarly defined or listed as hazardous, toxic, dangerous, or similar term, in any Environmental Law.

M. "Improvements" shall mean all buildings, structures, improvements and tenements of every kind and description (including ski runs and golf course amenities) now or hereafter erected or placed on the Leased Premises, and all materials intended for construction, reconstruction, alteration and repair of such Improvements now or hereafter erected or placed thereon, all of which materials shall be deemed to be included within the premises hereby conveyed immediately upon the delivery thereof to the Leased Premises

N. "Leased Premises" shall mean the real property located in Valley County, Idaho and more particularly described in Attachment B hereto and incorporated herein.

O. "Marketable Timber" shall mean any forest product now or hereafter on the Leased Premises as the term "forest product" is defined in § 38-101(i), Idaho Code

P. "Percentage Rent" shall mean sums to be paid by Lessee as described in Section C, Article II of this Lease.

Q. "Permitted Liens" shall mean , as of any particular time:

(i) liens for taxes and special assessments on any leasehold interest or improvements on the Leased Premises not then delinquent;

(ii) mechanics' liens, security interests or other encumbrances, only to the extent expressly permitted pursuant to this Lease Agreement;

(iii) Leasehold Mortgages under the terms of Article XI of this Lease; and

(iv) such other encumbrances approved in writing by Lessor

R. "Project" shall mean the construction of the Improvements by Lessee on the Leased Premises as depicted in the Development Plan.

S. "Phase One" shall mean that portion of the construction of the Project designated as The Phase One Minimum Ski Area in the Development Plan, by Lessee, which shall at a minimum incorporate sufficient improvements to the Leased Premises and adjacent lands to encompass a commercially viable ski hill operation with at least one ski lift running to the top of the ski hill.

T "P Phase" (aka Pioneer Phase) shall mean the Section 404 Permit work on State Lands as described in the Development Plan together with any other work which the Department, in its sole discretion, elects to allow as part of Phase P.

U. "Project Engineer" shall mean a professional engineer licensed in the State of Idaho, retained by Lessee and designated by Lessee as Lessee's Project Engineer for purposes of this Lease.

V. "Reclamation Plan" shall mean Lessee's plan (described in Section B.3 Article III of this Lease) for restoration of the Leased Premises to as close to the natural pre-lease condition as possible.

W. "Rent" shall mean collectively Development Rent, Base Rent, Percentage Rent and any amounts deemed to be Additional Rent under this Lease.

X. "Scheduled Rent" shall mean sums to be paid by Lessee as described in Section B Article II of this Lease

Y. "Selling Party" shall have the meaning attributed thereto in Section C.5.(b) Article II of this Lease.

Z. "Ski Hill" shall mean that portion of the Leased Premises used for ski runs or ski lifts of any kind or nature plus any lands adjacent to the leased premises which contain the balance of any ski run or ski lift the remainder of which is on the Leased Premises as well as any associated ski lodge facility constructed by Lessee for use by Lessee and Lessee's Ski Hill customers in operation and use of the Ski Hill as well as parking lots constructed by Lessee for use by Lessee's Ski Hill customers.

AA. "Ski Hill License Facilities" shall mean: (1) ski runs or trails and the ski lift fixtures and improvements associated therewith which are on land adjacent to the Leased Premises and operated in conjunction with the Leased Premises; (2) facilities operated by Lessee from which lift tickets and/or Nordic passes are sold; (3) the facility, or portion thereof, which houses the ski school; (4) the facilities, or portions thereof, which house equipment necessary for the operation of the ski hill, such as lift support equipment, snow making support equipment, pumps, and other ski hill utilities; (5) facilities, or portions thereof, which house vehicles and other equipment necessary for the operation of the ski hill; and (6) reasonable parking for public use of the ski hill.

BB. "Vegetation Management and Erosion Control Plan" shall mean Lessee's plan (described in Section B 4 Article III of this Lease) for maintaining natural vegetation and controlling erosion on the Leased Premises

ARTICLE I

TERM OF LEASE - DESCRIPTION OF LEASED PREMISES - USE OF LAND RESERVATIONS - LESSEE CONTINGENCIES

A. Term of Lease, Automatic Extension of Term, and Option to Renew.

1. Term of Lease The Term of this Lease shall be for a period of ten (10) calendar years (or until sooner terminated as herein provided), commencing on the Commencement Date and expiring on December 31, 2011.

2. Automatic Extension of Term The Term of this Lease shall be extended to a period of twenty-five (25) calendar years upon the passage and approval of an act of the Idaho Legislature amending § 58-307, Idaho Code, to establish legislative authority for leasing the Leased Premises for a term of up to forty-nine (49) years for commercial purposes, such extension shall be automatic upon the passage and approval of the Act. The scheduled expiration date with this automatic extension is December 31, 2026.

3. Option to Renew. Upon the passage and approval of an act of the Idaho Legislature amending § 58-307, Idaho Code, to establish legislative authority for leasing the Leased Premises for a term of up to forty-nine (49) years for commercial purposes, and so long as Lessee is not in default under the terms of this Lease, Lessee shall have the option to renew this Lease for an additional term of twenty-four (24) calendar years following the expiration of the term set forth above. Such renewal shall be under the same terms covenants and conditions of this Lease. Lessee shall give Lessor notice of Lessee's intent to renew no earlier than one year before the expiration of the term set forth above, and no later than six (6) months before the expiration of the term set forth above.

4. Surrender by Lessee Upon Expiration of Lease Term or Upon Termination. Upon expiration of the Lease Term or if sooner terminated, Lessee shall peaceably surrender and deliver up the Leased Premises to Lessor.

5. Reclamation of Leased Premises Upon Expiration of Lease Term or Upon Termination. Upon expiration of the Lease Term or if sooner terminated, Lessee shall complete reclamation of the Leased Premises in accordance with the approved Reclamation Plan.

6 Holding Over. If Lessee or any successor in interest of Lessee should remain in possession of the Leased Premises after termination of the Lease Term without executing a new lease, then such holding over shall be construed as a tenancy from month-to-month, subject to all the covenants, terms, provisions and obligations of this Lease. Nothing contained herein shall be construed as Lessor's permission for Lessee to hold over or as limiting Lessor's remedies against Lessee, and if the Leased Premises are not surrendered at the end of the Lease Term, Lessee shall indemnify Lessor for, from and against any loss or liability resulting from delay by Lessee in so surrendering the Leased Premises, including without limitation, any claims made by any succeeding Lessee based on such delay.

B. Description of the Leased Premises.

1. The Leased Premises shall be the real property owned by Lessor in Valley County, Idaho, and more particularly described in Attachment B hereto including any Improvements located thereon as of the Commencement Date and any Improvements hereafter added by Lessee Any improvements located on the Leased Premises as of the Commencement Date may be removed by Lessee as part of Lessee's construction of Improvements under this Lease The Leased Premises are let to Lessee in their "AS IS" condition and are subject to (a) any and all taxes and assessments, reservations in patents and all rights-of-way, easements, covenants, conditions, restrictions, obligations, liens, encumbrances, and liabilities of record as of the date hereof, (b) all matters which an accurate survey or physical inspection of the Leased Premises would disclose, and (c) all zoning and building code requirements and other governmental laws, rules, ordinances and regulations now or hereafter in effect pertaining to the Leased Premises. Lessee's responsibility for payment of any such liens, encumbrances or liabilities of record shall be as set forth in this Lease.

2. Lessor's Development of Acreage Within the Leased Premises. Lessor shall have the right to develop single family or multi-family residential units on certain acreage within the Leased Premises (the "Lessor's Development Envelope") at any time during the term of this Lease, including extensions or renewals, as follows:

(a) The Lessor's Development Envelope consists of an area of land described as follows:

The East ½ East ½ Southwest ¼, the West ½ Southwest ¼ Southeast ¼, and the Southeast ¼ Southwest ¼ Southeast ¼, all in Section 19 Township 16 N, Range 3 East, Boise Meridian, Valley County, Idaho containing 70 acres more or less

(b) Lessee's authorized use of the Lessor's Development Envelope shall be subject to Lessor's right to develop the same as set forth herein Lessor and Lessee may work together to jointly develop a combination of residential units and ski amenities for their mutual benefit. At such time as Lessor begins planning for any development in the Lessor's Development Envelope, Lessor shall give Lessee notice and an opportunity for Lessee to participate in the development planning process for the purpose of proposing ski amenities which may be developed by Lessee in conjunction with Lessor's development for the mutual benefit of both parties. Additionally, Lessee may proposed construction of Improvements or alterations within the Lessor's Development Envelope, provided however, any such proposed Improvement on, or alteration of, the Lessor's Development Envelope shall be considered a modification of the Development Plan and shall require approval of the Department. In considering such approval the Department may reasonably consider the affect on the Lessor's ability to fully develop the Lessor's Development Envelope and may reasonably withhold approval of require modifications to the proposed Improvement or alteration so as to not interfere with Lessor's ability to develop

(c) In conjunction with Lessor's development, Lessor shall have the right to construct access roads for purposes of Lessor's development, which access roads may also cross the Leased Premises, provided any such access road shall not materially interfere with Lessee's authorized use under this Lease. Lessee shall have the right to use any such access road for access to any ski facilities within the Lessor's Development Envelope Prior to Lessor's election to develop all or any portion of the Lessor's Development Envelope, Lessee shall have the right to cross the Lessor's Development Envelope for purposes of access to any ski facilities therein.

(d) Upon Lessor's election to develop all or any portion of the Lessor's Development Envelope, that portion of the Development Envelope necessary for such development may remain within the Leased Premises, but shall be subject to the rights of Lessor for development and the rights of Lessor's assigns, tenants, business invitees or other authorized users of the developed portion.

(e) Lessor's development shall not alter or modify any of Lessee's obligations under this Lease, neither shall the Lessor's development increase Lessee's obligations, specifically, Lessee shall not be obligated to insure, nor have any responsibility for construction, repair or maintenance of any improvement or alteration constructed by Lessor as part of Lessor's development.

C. **Use of Leased Premises.** The use of the Leased Premises shall be as follows:

Parcel One – Golf Course Land – shall be used for a portion of the golf course, and for Nordic Skiing and related recreational activities, pursuant to the Development Plan

Parcel Two – Ski Hill Land – shall be used for the ski hill, ski hill related activities, and outdoor recreational activities, such as mountain biking and hiking, pursuant to the Development Plan

1. Compatible Public Uses. Lessee must allow the general public the right to use the lands described in the Lease for any lawful use available to the public for lands owned by the state, except for any such use which is incompatible with the Lessee's use under the terms of this Lease.

2. Closure for Public Safety and Fire Suppression. Lessor shall have the right, upon such notice as is reasonable in the circumstances, to require Lessee to close operations on the Leased Premises where necessary to protect the public safety or for fire suppression on the Leased Premises or adjacent lands.

3. Quiet Enjoyment. Lessor agrees that the Lessee, upon payment of the rent and performing the terms of this Lease, and subject to the terms hereof, may quietly have, hold, and enjoy the Leased Premises during the term thereof.

4. No Warranty of Suitablility. Lessee acknowledges that neither Lessor, nor any agent or designee of the Lessor, has made any representation or warranty with respect to the Leased Premises or concerning the suitability of the Leased Premises for the uses intended by the Lessee. Lessee acknowledges that it has accepted the Leased Premises in an "AS IS CONDITION," accepting any and all known or unknown faults therein subject only to the terms of Article I, Section E below regarding Lessee's due dilligence.

5. No Waste or Nuisance – Excavation and Fill Material Limitations. Lessee shall not use the Leased Premises in any manner that would constitute waste or a nuisance, nor shall the Lessee allow the same to be committed thereon. Lessee shall not excavate or remove material from the Leased Premises nor deposit material upon the Leased Premises other than as is necessary for the construction of Improvements on the Leased Premises according to the approved Development Plan. Excavation or deposit of material for construction of Improvements on the Leased Premises shall be limited to excavation or deposit at the location of an Improvement and only such excavation or deposit necessary to prepare the location of the Improvement for placing the Improvement thereon. Only clean, non-contaminated, natural fill material may be brought onto the Leased Premises. Material excavated in preparing a location for an Improvement must be removed from the Leased Premises unless such material can be used in preparing the location of another Improvement on the Leased Premises.

Material may not be excavated from the Leased Premises solely for the purpose of providing material to another location on the Leased Premises or elsewhere, unless specifically authorized, in advance, in writing, by the Department.

6. Compliance with Applicable Law. Lessee shall at all times comply with all laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, or licenses which now or at any time hereafter may be materially applicable to the Leased Premises or any part thereof, or to any adjoining sidewalks, streets, or walkways or to any material use or condition of the Leased Premises or any part thereof.

D. **Reservations.** The Lessor expressly reserves and excepts the rights set forth below in this Section D, from this Lease Lessor's exercise of any such reserved or excepted right under this Section D shall be done in such a fashion as will not materially interfere with this Lease or Lessee's authorized use of the Leased Premises, provided however, the foregoing shall not effect a limitation on actions which the Lessor is required to take under applicable law Lessor acknowledges the importance to Lessee's resort of the aesthetic appearance of the Leased Premises and retaining the aesthetic appearance of the Leased Premises shall be considered in determining whether a use by Lessor constitutes a material interference Except in cases of emergency, Lessor shall give Lessee no less than thirty (30) days prior written notice of Lessor's exercise of any reserved or excepted right under this Section D where such use will, or is reasonably likely to, interfere with this Lease of Lessee's authorized use of the Leased Premises hereunder.

1 To enter upon the Leased Premises, or any portion thereof, during the term of this Lease for any purpose including the purpose of inspecting the Leased Premises

2. All rights for timber, oil and gas, geothermal rights, mineral rights, easements and rights-of-way, fee title to the Leased Premises and title to all appurtenances and improvements placed thereon by the Lessor provided, timber harvesting on the Leased Premises during the term of this Lease shall be limited to that which is necessary: to implement Lessee's Development Plan; to protect and preserve forest health; for fire prevention; or as is otherwise deemed necessary by the Department to protect public safety

3. To grant easements and leases over the Leased Premises, providing said easements and leases shall not be for a use authorized to Lessee under this Lease, which uses shall be exclusive as to Lessee. Lessor shall coordinate with the Lessee before processing any easement or lease applications on the Leased Premises This Lease is subject to any lease, right-of-way or easement previously granted over the Leased Premises.

4 To require that changes be made in the use under this Lease, and/or to the improvements on the Leased Premises, including to the sanitation or other facilities as are reasonably necessary for the protection of public health, safety, preservation of property or water quality.

5. To issue other leases for exploration and development of oil, gas, geothermal and mineral resources or any other lease of the Leased Premises provided said leases shall not be for a use authorized to Lessee under this Lease, which uses shall be exclusive as to Lessee.

6. To reserve as Lessor's sole property any and all water from any source arising on the Leased Premises and to hold water rights for any beneficial use that may develop from the Leased Premises as a result of this Lease. Water rights applied to the Leased Premises by Lessee from a source off the Leased Premises shall be governed by Section C of Article VII of this Lease.

7. Rights of access across the Leased Premises for Lessor and its assigns on existing roads, or on alternative roads provided by Lessee.

8. This Lease is made subject to all present and future timber sale contracts and reforestation or other forest management contracts. This Lease does not authorize the Lessee to cut any timber growing on the Leased Premises. Any unauthorized use of such timber by the Lessee or with his knowledge or consent, shall be a material default, and in addition to any other remedy available, said Lessee shall be responsible for treble damages attributable to said timber value and all other damages.

9. To sell or exchange all or any portion of the Leased Premises subject to the terms of this Lease

10. To allow the general public the right to use the lands described in the Lease for any lawful use available to the public for lands owned by the state. However, nothing in this Lease authorizes or purports to authorize trespass on private lands to reach state-owned lands. Public use of the Leased Premises, other than those uses exclusive to Lessee under this Lease, shall not be restricted without prior written approval of the Lessor. Lessor and Lessee may agree upon restrictions in use which are necessary to protect the installation and operation of the Improvements and Lessee's authorized use of the Leased Premises. Nothing in this Lease shall be deemed a limitation on Lessor's authority to control public use of the Leased Premises This Lease is not an exclusive control lease as described under Idaho Code § 36-1603(b).

11. To harvest seed from plants on the Leased Premises. Lessor will coordinate the harvesting activities with Lessee to minimize impacts on Lessee's operations

12. To close roads as is reasonably necessary for road protection, water quality protection, wildlife and fish protection, administrative purposes or any other reason deemed necessary by Lessor.

E. Lessee Contingencies.

1 Obligations and Contingencies Prior to Commencement Date.

(a) Lessee's Due Diligence Lessee shall have a period of ninety (90) days after the Commencement Date (Due Diligence Period) to complete the due diligence items described below in this subsection 1 During such period Lessee shall obtain and review, or waive its right to obtain and review, the following:

(i) Survey A survey (the "Survey") of the Leased Premises prepared by a licensed land surveyor satisfactory to Lessee. Lessor shall receive a copy of any Survey prepared by Lessee, or on its behalf, free of charge Lessee shall pay the cost of the Survey.

(ii) Preliminary Title Report A commitment for title insurance (the "Title Report") insuring Lessee's leasehold interest on the Leased Premises by a recognized, reputable title company in the amount of $20,000,000 (or such lesser amount as Lessee may choose), insuring Lessee that, as of the Commencement Date, the leasehold interest in the Leased Premises created pursuant to this Lease is vested in Lessee. Lessor shall receive a copy of any Title Report prepared by or on behalf of Lessee free of charge. The cost of such Title Report shall be paid by Lessee.

(iii) Environmental Site Assessment. A Level I environmental site assessment of the Leased Premises (the "Environmental Report") Lessor shall receive a copy of any Environmental Report prepared by or on behalf of Lessee free of charge The cost of the Environmental Report shall be paid by Lessee

(b) Right of Review and Cancellation. Prior to the expiration of the Due Diligence Period, Lessee shall give Lessor written notice of any objection of Lessee to any matter disclosed by the Survey, the Title Report, or the Environmental Report to which Lessee objects (Disapproved Matter). If Lessee does not object to a matter disclosed by the Survey, the Title Report, or the Environmental Report within the Due Diligence Period, such matter shall be deemed to have been approved by Lessee If Lessee gives notice of objection as to any such matter within the Due Diligence Period, Lessor shall have the option to immediately cancel the Lease, or if Lessor elects (without, however, Lessor having any obligation to do so), Lessor shall have a reasonable time period (the "Cure Period") following receipt of notice of objection from Lessee, not to exceed

90 days, to attempt to eliminate, cure, or otherwise remediate, at Lessor's cost, such Disapproved Matters Notice of Lessor's election to terminate or to attempt to cure shall be given to Lessee within fifteen (15) days following receipt of Lessee's notice of objection. If Lessor does not eliminate, cure, or otherwise remediate such Disapproved Matters within the Cure Period, Lessee's sole and exclusive remedy shall be to cancel this Lease by giving written notice of cancellation to Lessor on or before ten (10) days after expiration of the Cure Period. If Lessee does not elect to cancel on or before ten (10) days after expiration of the Cure Period, Lessee shall be deemed to have elected to waive any uncured matters, and the Lease shall continue in full force and effect. In the event this Lease is cancelled by Lessor in response to notice of a Disapproved Matter or by Lessee by reason of Lessor's election not to cure a Disapproved Matter, or failure to cure a Disapproved Matter within the Cure Period, Rent paid by Lessee shall be refunded.

(c) Limitation on Activities. Until such time as Lessee has completed Lessee's Due Diligence, and Lessor has cured, or Lessee has waived any Disapproved Matters, Lessee's actions on the Leased Premises shall be limited to those necessary for Lessee's Due Diligence and Phase P activities.

(d) Approval Contingency. Lessee's obligations under the Lease are subject to the condition that, at any time on or before the date Lessee commences construction of any Improvements on the Leased Premises (including removal of vegetation for ski runs or any other alteration of the Leased Premises in preparation for construction, but not including Lessee's approved activities under Phase P), Lessee may, at Lessee's sole option and for any reason or no reason at its sole discretion, terminate this Lease by submitting written notice thereof to Lessor, provided however, any such termination by Lessee shall not effect a refund or return of any Rent paid prior to such termination (including Rent otherwise allocated to time periods after such termination).

2. Lessee's Inspection of the Leased Premises. Subject only to the terms and conditions set forth in this Section E, Lessee acknowledges that Lessee has inspected the Leased Premises to Lessee's complete satisfaction, observed its physical characteristics and existing conditions, the operations thereon and on adjacent areas, and Lessee hereby waives any and all objections to, complaints about, or claims regarding (including, but not limited to, federal, state or common law based actions and any private right of action under state and federal law, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, and any state or local equivalent, to which the Leased Premises is or may be subject) the Leased Premises and its physical characteristics and existing conditions, including, without limitation, subsurface soil and water conditions and solid and hazardous waste and hazardous substances on, under or adjacent to the Leased Premises. Lessee further hereby assumes the risk of changes in applicable laws and regulations relating

to past, present and future environmental conditions on the Leased Premises and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of Hazardous Substances or other contaminants, may not have been revealed by its investigation. Lessor is hereby released from all responsibility and liability regarding the operation, condition (including the presence in the soil, air, structures, and surface and subsurface waters of materials or substances that have been or may in the future be determined to be Hazardous Substances, or subject to regulation and that may need to be specially treated, handled and/or removed from the Leased Premises under current or future federal, state and local laws and regulations), valuation or utility of the Premises, or its suitability for any purpose whatsoever. Lessee expressly acknowledges that Lessee has not relied on any warranties, promises, understandings or representations, express or implied, oral or written, of Lessor or of any agent of Lessor, relating to the Leased Premises, except as specifically set forth in this Lease.

3. Acquisition of Permanent Easements. Lessee may need certain permanent easements and other rights over or across the Leased Premises which are not included in this Lease but which are necessary for Lessee's Resort Development. During the Due Diligence Period described in 1.a. above, Lessee intends to apply to the Department for acquisition of any such permanent easement or other right which Lessee identifies as necessary for Lessee's Resort Development. In the event Lessee is unable to acquire such easements or other rights, Lessee may give notice to Lessor within thirty (30) days after the end of the Due Diligence Period that Lessee is terminating this Lease, this Lease shall thereupon be terminated, subject to Lessee's obligation for reclamation of the Leased Premises. Upon such termination, Lessee shall be entitled to return of Rent paid by Lessee.

Lessee's acquisition of these easements or other rights is separate and distinct from this Lease and shall be governed by the policies and procedures of Lessor and the Department therefore. The execution of this Lease shall in no way obligate Lessor, the Department, or the State of Idaho to grant or allow any such easement or right other than as would normally be done in the ordinary course of business.

F. Lessee's Right To Terminate. Lessee shall be entitled to terminate this Lease and be relieved of any further liability hereunder (except for obligations which survive termination), as follows:

1. The right may be exercised on or before June 30, 2012;

2. Lessee shall exercise the right by giving Lessor written notice of Lessee's intent to terminate;

3. Termination shall be effective 180 days after the service on Lessor of the said notice, or on such later date as is specified by Lessee in the Notice ("the effective date"), but in no event later than December 31, 2012;

4. Prior to the termination date, Lessee shall remove all Improvements from the Leased Premises and shall fully reclaim and restore the Leased Premises, as provided in Lessee's approved Reclamation Plan, all at Lessee's sole expense; provided, none of the Improvements shall be disturbed for a period of 60 days after the service on Lessor of the notice;

5. Prior to the termination date, and prior to Lessee commencing any removal of Improvements from the Leased Premises, Lessee shall pay to Lessor , as a condition of termination, unless the termination is pursuant to Section E, 1(d) above, the greater of

(a) All rent which would accrue through December 31, 2012; or

(b) an amount equal to five (5) years of annual rent based on annual rent at the date Lessee gives notice under of termination hereunder.

6. Upon the aforesaid effective date of the termination, Lessee shall vacate the Leased Premises, and shall have no further rights under this Lease; and,

7. Upon receiving the said notice of intent to terminate, Lessor shall have the option, exercisable in Lessor's sole discretion, but without any obligation, to take exclusive control and ownership of all or any of the Improvements located on the Leased Premises, by giving Lessee written notice of Lessor's intent to do so, served on Lessee within 60 days after Lessee's service on Lessor of Lessee's notice of intent to terminate. In such case:

(a) Lessee shall be relieved of the responsibility to remove any Improvements which Lessor identifies in its notice; but, Lessee shall remove all other Improvements prior to the effective date of the termination;

(b) Lessor shall be entitled to exercise the License which is described in Section E, of Article IV., below, and the water right described in Section C. Article VII below, for the balance of the Lease term remaining on the effective date of the termination; and,

(c) Lessee shall be relieved of the obligation to pay rent for any period beyond the effective date.

ARTICLE II

RENT

A. **Development Rent.** Lessee shall pay to Lessor as Development Rent, without abatement, offset, or deduction of any kind, unless expressly allowed by this Lease, the total amount of One Million and No/Hundredths Dollars ($1,000,000.00), payable on or

before the Commencement Date, for the first five (5) full years of the term of this Lease, payable as follows:

The sum of Four Hundred Thousand and No/Hundredths Dollars ($400,000.00), for the first two (2) full years of the term of this Lease, shall be paid on or before the Commencement Date.

In the event the Idaho Legislature passes and the Governor signs into law legislation amending Idaho Code § 58-307 to allow for the Leased Premises to be leased for commercial purposes for a term of up to 49 years, as aforesaid, then, within 60 days thereafter, Lessee shall pay to Lessor, as additional Development Rent, the sum of Six Hundred Thousand and No/Hundredths Dollars ($600,000.00) for years three (3) through and including five (5) of the term of this Lease.

If the above described legislation has not been signed into law prior to the second anniversary of the Commencement Date, on such date the Lessee shall pay the sum of Two Hundred Thousand and No/Hundredths Dollars ($200,000.00) as Development Rent for the third full year of the term of this Lease and the such sum shall reduce the amount to be paid by Lessee upon the signing into law of the above described legislation by an equal amount. If necessary, this same payment and reduction shall apply on the third and fourth anniversaries of the Commencement Date for the fourth and fifth full years of the term of this Lease.

B. Scheduled Rent.

1. Fifth Anniversary of the Commencement Date through December 31, 2012 After the end of the fifth full year of the term of this Lease, payment of rent shall convert to a calendar year schedule. Scheduled Rent due on the fifth anniversary of the Commencement Date shall be Two Hundred Fifty Thousand and No/Hundredths Dollars ($250,000.00) multiplied by a fraction the numerator of which shall be the number of days from the fifth anniversary of the Commencement Date through December 31, 2007, and the denominator of which shall be 365 days. Thereafter for the period ending December 31, 2012, Scheduled Rent shall be Two Hundred Fifty Thousand and No/Hundredths Dollars ($250,000.00) per year, payable annually in advance on or before January 1 of each calendar year.

2 January 1, 2013, through December 31, 2017 Subject to the Lessor's option to convert to Percentage Rent as hereinafter set forth, Scheduled rent for the period of January 1, 2013, through December 31, 2017, shall be in the amount of Two Hundred Fifty Thousand and No/Hundredths Dollars ($250,000.00) per year adjusted for inflation since January 1, 2008, to January 1, 2013, calculated by multiplying Two Hundred Fifty Thousand and No/Hundredths Dollars ($250,000.00) by a fraction the numerator of which shall be the most recently published Inflation Index prior to January

1, 2013, and the Denominator of which is the most recently published Inflation Index prior to January 1, 2008. Such sum shall be payable annually in advance on January 1 of each calendar year

3. January 1, 2018, through Balance of the Term. Subject to the Lessor's option to convert to Percentage Rent as hereinafter set forth, Scheduled Rent for the year beginning January 1, 2018, and for the balance of the term of this Lease shall be in the amount of Two Hundred Fifty Thousand and No/Hundredths Dollars ($250,000.00) per year adjusted each year for inflation since January 1, 2008, and calculated by multiplying Two Fifty Hundred Thousand and No/Hundredths Dollars ($250,000 00) by a fraction the numerator of which shall be the most recently published Inflation Index prior to November 30 of the immediately preceding year (e.g November 30, 2017, for rent due for calendar year 2018) and the Denominator of which is the most recently published Inflation Index prior to January 1, 2008. Such sum shall be payable annually in advance on January 1 of each calendar year

C. Optional Percentage Rent. After December 31, 2012, Lessor shall have the option to convert the Rent paid by Lessee under this Lease to Percentage Rent. Such conversion shall be effective beginning the lease year immediately following notice of Lessor's election to convert. Notice of Lessor's election to convert to Percentage Rent shall be given to Lessee no later than sixty (60) days prior to the year of conversion, and once elected by Lessor, such conversion shall apply for the balance of the term of this Lease, including extensions In conjunction with Lessor's decision to convert to Percentage Rent, Lessee shall, at the Department's request, furnish to the Department, or give the Department access to, such information (including Lessee's financial statements, operating statements and statements of change in financial position) regarding Gross Receipts as outlined in subsection C.5 below as the Department may reasonably request for any calendar year after the calendar year 2009. Percentage Rent shall be calculated as follows:

1. Base Rent. Percentage Rent shall not be less than a Base Rent sum based on Two Hundred Fifty Thousand and No/Hundredths Dollars ($250,000 00), adjusted for inflation from January 1, 2008 Such Base Rent shall be calculated for each calendar year after conversion to Percentage Rent by multiplying the sum of Two Hundred Fifty Thousand and No/Hundredths Dollars ($250,000.00) by a fraction the numerator of which is the most recently published Inflation Index prior to November 30 of the immediately preceding calendar year and the Denominator of which is the most recently published Inflation Index prior to January 1, 2008. By way of example, if Lessor elects to convert to Percentage Rent for the calendar year 2012, the Base Rent shall be calculated by multiplying $250,000.00 by a fraction the numerator of which is the most recently published Inflation Index prior to November 30, 2011, and the Denominator of which is the most recently published Inflation Index prior to January 1, 2008. Base Rent shall be prepaid to Lessor by Lessee on a calendar year basis on or before January 1 of each calendar year.

2. Percentage Rent From and after Lessor's election to convert to Percentage Rent, and for the balance of the term of this Lease, Lessee shall pay to Lessor Percentage Rent on Gross Receipts derived from the Leased Premises as hereinafter described Percentage Rent shall be an obligation of the Lessee in addition to the Base Rent, PROVIDED HOWEVER, Lessee shall receive a credit against Percentage Rent equal to the amount of Base Rent paid by Lessee to Lessor each year

3 Rate of Percentage Rent. The rate of Percentage Rent shall be based upon total accrued annual Gross Receipts as follows:

(a) January 1, 2013, through December 31, 2017. For the period January 1, 2013, through December 31, 2017, and upon Lessor's election to convert to Percentage Rent, the Rate of Percentage Rent shall be Two and One-half (2.5%) of total accrued annual Gross Receipts

(b) January 1, 2018, through Balance of the Term. For the period January 1, 2018, through the balance of the term of this Lease, and upon Lessor's election to convert to Percentage Rent, the Rate of Percentage Rent shall be based upon total accrued annual Gross Receipts as follows:

Annual Gross Receipts	Rate of Percentage Rent
0.00 to $17,370,466.32	2.50%
Above $17,370,466.32 to $57,901,554.40	2.75%
Above $57,901,554,40	4.00%

The above brackets of Annual Gross Receipts shall be adjusted January 1 of each year for inflation occurring from the Commencement Date by multiplying each bracket parameter by a fraction the numerator of which is the most recently published Inflation Index prior to November 30 of the immediately preceding calendar year and the Denominator of which is the most recently published Inflation Index prior to the Commencement Date.

4. Report of Gross Receipts and Payment of Percentage Rent. Lessee shall report Gross Receipts to Lessor, and pay to Lessor the amount of Percentage Rent, quarterly in arrears as follows:

Thirty (30) days after the end of each calendar quarter, Lessee shall submit to Lessor a report summarizing all Gross Receipts for such calendar quarter as well as total Gross Receipts for the calendar year as of the end of such calendar quarter, certified by Lessee to be true, correct and accurate, along with payment of the appropriate Percentage Rent amount for such calendar quarter, net of Base Rent already paid for such calendar year.

5 Gross Receipts Defined.

(a) Ski Hill Gross Receipts and Lessee's Operating Requirements.

(I) Lift Tickets and Access Passes.

(A) All revenues from lift tickets and access passes for skiing (including alpine skiing or Nordic skiing),or for any other Ski Hill related activities, or for any other outdoor related recreational actives on the Leased Premises within Lessee's authorized use of the Leased Premises, regardless of where or by whom sold.

(B) Lessee may sell or otherwise grant any such lift tickets and passes through a licensee or contract operator but shall remain responsible for reporting all gross receipts arising therefrom and for payment of the rent associated therewith.

(ii) Equipment Rental

(A) All revenues from rental of any and all equipment rented by Lessee for use by purchasers of lift tickets or passes. All rentals of equipment for skiing, ski hill related activities and other outdoor recreational activities within Lessee's authorized use of the Leased Premises, and for which Lessee charges for a lift ticket or access pass, shall be presume to be rentals for use by purchasers of lift tickets or passes.

(B) Lessee shall maintain an equipment rental business for rental of equipment to purchasers of lift tickets or passes. Such rental business shall be commensurate with the size and operation of the ski hill and equivalent to other similarly situated and sized ski hills. Lessee may maintain such rental business through a licensee or contract operator but shall remain responsible for reporting all gross receipts arising therefrom and for payment of the rent associated therewith.

(iii) Ski School.

(A) All revenues from ski school and ski lessons regardless of whether provided by Lessee or third parties.

(B) Lessee shall be required to maintain a ski school and offer ski lessons commensurate with the size and operation of the Ski Hill and equivalent to other similarly situated and sized ski hills. Lessee may maintain such ski school and ski lesson business

through a licensee or contract operator but shall remain responsible for reporting all gross receipts arising therefrom and for payment of the rent associated therewith.

(iv) Ancillary Businesses Conducted on the Ski Hill Portion of the Leased Premises and Notice to Department.

(A) All revenues received by a Selling Party from the sale or rental of all services, goods, wares and merchandise not otherwise described in (i) through (iii) above and sold or rented by a Selling Party from any part of the Ski Hill portion of the Leased Premises.

(B) No later than thirty (30) days prior to the beginning or each calendar year during which Percentage Rent is to be paid, or at such other time as Lessee and the Department shall agree, Lessee shall supply the Department with a description of any and all businesses or other activities which Lessee plans to operate or to allow others to operate on any part of the Ski Hill portion of the Leased Premises. Lessee and the Department shall determine which of the identified businesses or other activities fall within the category of ancillary business under this subsection (iv) for purposes of calculation of Gross Receipts. In the event Lessee wishes to add additional businesses or activities, Lessee shall give written notice thereof to the Department no less than 30 days prior to commencement of such business or activity and Lessee and the Department shall determine whether such business or activity falls within the category of ancillary business under this subsection (iv) prior to the commencement of such business or activity.

(b) Golf Course Gross Receipts and Lessee's Operating Requirements.

(i) Greens Fees or other Access Charges

(A) All revenue from greens fees or other charges for access to or use of the Golf Course

(B) Lessee may sell or otherwise grant access to or use of the Golf Course through a licensee or contract operator but shall remain responsible for reporting all gross receipts arising therefrom and for payment of the rent associated therewith

(ii) Golf Cart Rentals.

(A) All revenue from rental fees or other charges for use of golf carts on the golf course, including charges for use of a privately owned golf cart on the golf course as well as rental charges for use of a golf cart provided by Lessee.

(B) Lessee shall maintain a golf cart rental business and offer rentals of golf carts commensurate with the size and operation of the golf Course and equivalent to other similarly situated and sized golf courses. Lessee may do so through a licensee or contract operator but shall remain responsible for reporting all gross receipts arising therefrom and for payment of the rent associated therewith.

(c) General Terms of Gross Receipts. Gross Receipts shall be all revenues received by a Selling Party from the sale or rental of all services, goods, wares and merchandise sold or rented by a Selling Party arising from the activities described in subsection 5 (a) and (b) above, whether for wholesale; retail, cash, credit, or otherwise Such Gross Receipts shall include, without limitation, all revenues:

(i) where the order therefore originates in, at or from the Leased Premises, whether delivery or performance is made from or on the Leased Premises or from or on some other place,

(ii) made or performed by means of mechanical or other vending devices on the Leased Premises, and

(iii) which a Selling Party in the normal and customary course of its business would credit or attribute to its operations on the Leased Premises or any part thereof.

(d) Gross Receipts arising from the activities described in subsection 5.(a) and (b) above shall also include, without limitation, the retail fair market value of any services, goods, wares and merchandise which are given by any Selling Party for use as a sales or marketing incentive or other business promotion, such as complimentary lift tickets, lessons or passes. Any sums otherwise satisfying the definition of Gross Receipts that are deposited with and subsequently forfeited to a Selling Party shall be included in Gross Receipts Receipts from any installment or credit sale shall be treated as received when and as recorded on a Selling Party's books of account as revenue No franchise or capital stock tax and no income or similar tax based on income or profits shall be deducted from Gross Receipts

(e) Gross Receipts arising from the activities described in subsection 5 (a) and (b) above shall not include, or if included there shall be deducted (but only to the extent that they have been included in Gross Receipts, as the case may be) the following:

(i) the amount of any cash or credit refunds upon any sale from such parcel where the merchandise sold, or some part thereof, is returned by the purchaser to a Selling Party after the sale (not exceeding in amount the selling price of the item in question);

(ii) exchanges or transfers of merchandise between stores of a Selling Party, if any, where such exchanges are made solely for the convenient operation of a Selling Party's business, and not for the purpose of consummating a sale made at, in, upon or from the Leased Premises or of depriving Lessor of the benefit of a sale which otherwise would have been made in, at, upon or from the Leased Premises;

(iii) returns to shippers or manufacturers;

(iv) sales of furniture, fixtures and equipment after substantial use in the conduct of Selling Party's business on the Leased Premises;

(v) the amount of any city, county, state or federal sales, use, gross receipts, transaction privilege, luxury or excise tax on such sale which is both added to the selling price (or absorbed in the price) and paid to the taxing authorities by Selling Party (but not by any vendor of Selling Party);

(vi) services charges, interest and collection expenses received or receivable from customers for sales on credit and service, credit card and other charges or fees paid by Selling Party to credit card companies, banks and similar organizations resulting from use of credit or debit cards by customers;

(vii) charges paid or payable by customers for mailing or delivery of merchandise;

(viii) the redemption of gift certificates (but not the purchase of gift certificates);

(ix) sales discounts or non-cash donations to nonprofit, charitable or religious organizations; organizations contributing to the public safety or public service purposes on the Ski Hill, such as ski patrol; contributions to special events on the Ski Hill, including complimentary passes and other goods and services for exhibitors, volunteers,

competitors, judges and officials; and other gratuities which are approved in writing by the Department;

(x) bad debts and charge backs, to the extent previously included in Gross Receipts, as the case may be;

(xi) the proceeds of any Leasehold Mortgage, Lines of Credit , or other financing obtained by Lessee or any sublessee; and

(xii) rents, franchise fees, commissions or other monies paid to Lessee by sublessees or by contract operators of any Improvements, even if such payments are based on sales;

(xiii) the proceeds from equipment rental occurring on privately owned land (except for Lessee's equipment rental described under 5. (a) (ii) above) regardless of where the equipment is used.

(f) Gross Receipts shall also incorporate proceeds from Lessee's Business Interruption insurance required under the terms of this Lease, where such proceeds represent lost income from the activities described in subsection 5.(a) and (b) above In calculating Gross Receipts represented by Business Interruption Insurance proceeds, there shall be added back to the actual proceeds paid under such policy an amount equal to any avoided costs or similar amounts used to calculate the amount of Lessee's actual loss caused by the interruption of Lessee's business operation on the Leased Premises. It is the intention of this requirement that Gross Receipts based on Business Interruption insurance payments approximate the amount of Gross Receipts Lessee would normally expect to receive in order to generate the net sums paid by Lessee's Business Interruption Insurance

(g) Pro-Ration of Gross Receipts

(i) Golf Course related Gross Receipts from activities described in subsection 5.(b) above (after all inclusions and exclusions set out above in subsections 5.(b), (c), (d), and (e) above) shall be prorated by multiplying the total of such gross receipts by sixteen and 67/hundreths percent (16 67%), which percent is based on three of the total eighteen golf holes to be located on the Leased Premises according to the Development Plan.

(ii) Ski Hill Gross Receipts from activities described in subsection 5 (a)(i) through 5.(a)(iii) above (after all inclusions and exclusions set out above in subsections 5.(b), (c), (d), and (e) above) shall be prorated by multiplying the total of such Gross Receipts by eighty-five percent (85.00%). In the event of a material change in the ratio of state lands to private or other lands used in the Ski Hill operation, the allocation

percentage set forth herein may be adjusted to more equitably reflect the changed configuration. Ski Hill Gross Receipts from activities described in subsection 5.(a)(iv) above shall be applied at 100% of such receipts.

(h) The term "Selling Party" shall include Lessee and any person or entity conducting a business which generates revenue which if generated by Lessee would be included within the Gross Receipts as defined herein, provided however, a person or entity engaged in rental of equipment occurring on privately owned land (except for Lessee's equipment rental described under 5.(a)(ii) above) shall not be deemed a Selling Party. Lessee acknowledges the obligation to pay Percentage Rent based on all Gross Receipts whether generated by Lessee or by third parties, and whether or not such receipts were conveyed to Lessee.

6. Lessee Records. Lessee shall keep full, complete and proper books, records and accounts of Gross Receipts as would be normally examined and required to be kept by an independent accountant pursuant to accepted auditing standards in performing an audit of Lessee's business to verify the accuracy of Lessee's statements of Gross Receipts. All such books, records and accounts shall be kept for a period of at least seven (7) years following the end of each Lease Year. Within three (3) years after the end of any Lease Year, Lessor, its agents and employees, upon at least seven (7) days' prior written notice, may examine and inspect all of the books and records relating to the Leased Premises (including income tax returns) for the purpose of investigating and verifying the accuracy of any prior statement of Gross Receipts. Because Percentage Rent is payable by Lessee upon Gross Receipts arising from the commercial activities of third parties within the Development Parcel, Lessee shall require all such third parties to maintain records of Gross Receipts in accordance with this paragraph, and to permit audits in accordance with section C.5 below

7. Audit. At any time within three (3) years after the end of any calendar year, Lessor may cause an audit of Lessee's business (and the businesses of any sub-lessees) to be made for the purpose of verifying the accuracy of any statement of Gross Receipts by Lessee for such calendar year. The audit shall be performed by a certified public accountant selected by Lessor, and Lessee agrees to make all records available for the audit at the Leased Premises. If the results of the audit show that Lessee's statement or statements of Gross Receipts for any period has been understated, then, within ten (10) days of the determination of such deficiency, Lessee shall pay any applicable deficiency to Lessor, together with interest thereon at the rate provided in Section T. Article XXIII of this Lease, from the date such payment should originally have been made until the date actually paid, provided however, this provision for payment of a deficiency shall not be deemed a waiver of any default remedies available to Lessor as a result of such deficiency. If the results of the audit show that Gross Receipts for the audit period have been under stated by five percent (5%) or more, Lessee shall also pay Lessor the cost of the audit. Any claim by Lessor for revision of any statement of Gross Receipts or for additional Rent, which claim is not made to Lessee within three

(3) years from the end of the calendar year for which Gross Receipts or Rent is disputed, shall be deemed and hereby is waived by Lessor Any sublease established by Lessee shall contain provisions identical In all material respects to the foregoing enabling Lessor to audit the books and records of any sub lessee.

D. **Additional Rent.** All other sums due from Lessee to Lessor hereunder (including sums due as the result of payments made by Lessor on Lessee's behalf) shall be deemed Additional Rent and shall be due and payable upon demand if no other time for payment therefor is set forth in this Lease.

E. **Late Payment Fee.** IF any payment of Rent is not made to Lessor on or before the date the same is due hereunder, Lessee shall pay to Lessor as a late payment fee an amount equal to the greater of $25.00 or one percent (1%) of the Rent amount due. In the event payment is not made within one month after the same becomes due, Lessee shall pay an additional one percent (1%) of the Rent amount due for each subsequent month until such Rent is paid in full. Payment of the late payment fee hereunder shall be in addition to applicable interest at the Default Rate.

F. **Payment of Rent:** All rent shall be paid in lawful money of the United States of America forwarded to the Lessor or as otherwise directed by the Lessor in writing.

G. **Inflation Adjustments.**

1. Inflation Index. The Inflation Index for calculations under this Lease shall be the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers, published monthly by the Bureau of Labor Statistics of the United States Department of Labor. If, at any time during the term of this Lease, the Inflation Index is no longer available, Lessor will choose a new Inflation Index based upon comparable information, and Lessor will provide written notice to the Lessee of the new Inflation Index.

2. Notice of Rent Adjustments Due to Inflation Index. Lessor shall give Lessee notice of the adjusted Base Rent and the calculation upon which it is based no later than thirty days prior to the day such adjusted Base Rent is first due and payable

H. **No Offset or Netting of Rents.** All rent due hereunder shall be paid to Lessor without offset or netting of any costs or expenses paid or incurred by Lessee, whether or not such payments were for obligations or to fulfill duties of Lessor.

I. **Lien.** The amount of rent, late charge, and interest shall constitute a lien in favor of the State of Idaho against all of the Lessee 's improvements and other property on the Leased Premises, including but not limited to buildings and equipment.

ARTICLE III

CONSTRUCTION OF IMPROVEMENTS

A. Lessor's Approval Required.

1. Development Plan. Attachment C hereto is Lessee's approved Development Plan showing Lessee's contemplated improvements on the Leased Premises All construction and Improvements on the Leased Premises, including, but not limited to, road construction, must be in accordance with the Development Plan No material modifications to the approved Development Plan may be made without the Department's prior written consent The Development Plan is a conceptual plan and Lessor's approval thereof is an approval of the concept of Lessee's construction as set forth therein, subject to review and final approval of Lessee's construction plans and plot plans as hereinafter set forth. No Improvements or alterations of the Leased Premises not shown in the Development Plan may be constructed on the Leased Premises without the prior written consent of the Department

2 Construction and Plot Plans. Prior to commencing construction of any Improvements or any alteration of the Leased Premises, Lessee shall furnish for approval by the Department, a complete set of construction plans, and an accurate plot plan of each Improvement or alteration. The Department will review such plans for (i) compliance with the Development Plan, including, but not limited to, design, location, and construction; (ii) for compliance with applicable statute, rule, ordinance or permit; and (iii)compliance with the Vegetation Management and Erosion Control Plan. The Department will use best efforts to timely review Lessee's construction and plot plans contemporaneously with the review thereof by Valley County and such other government agencies as have jurisdiction to review the same The Department may, in its discretion, rely upon any review and approval by Valley County or other government agency as part of the Department's review and approval process. The Department will not unreasonably withhold or delay approval.

B. Pre-conditions to Construction of Improvements. In addition to the Department's approval of Lessee's Development Plan, the following shall be completed by Lessee prior to commencing construction of any Improvements on the Leased Premises and prior to any alteration of the Leased Premises; provided, however, these requirements shall not apply to Phase P activities except as specifically provided below:

1. Government Approvals

(a) List of Government Approvals. Lessee shall present the Department with a complete and accurate list of all Government Approvals that are necessary for the commencement of construction of the Project. Such list to be certified by Lessee to be complete and accurate. Such list shall be attached hereto as an addendum and incorporated herein In the event that additional

Government Approvals necessary for the commencement of construction of the Project come to the attention of either party to this Lease, that party shall immediately notify the other party in writing and the Addendum of Government Approvals shall be amended accordingly and incorporated herein as amended.

(b) Procurement of Government Approvals. Lessee shall, at its own expense:

(i) procure, maintain in effect, and comply with all conditions of the Government Approvals contained in Addendum of Government Approvals, as may be amended from time to time;

(ii) provide to Lessor an opinion of Lessee's counsel and Lessee's project engineer, substantially in the forms set forth in Attachment E hereto, that all Government Approvals have been duly obtained by Lessee, are in full force and effect, are final and non-appealable and constitute all Government Approvals that are necessary for the commencement of construction the Project; all conditions contained in the Government Approvals have been satisfied, there is no proceeding pending or, to the best of the Lessee's knowledge, threatened, which seeks or may seek to rescind terminate, modify, condition, suspend or otherwise alter a Government Approval, and that the Government Approvals do not contain conditions or requirements which may materially and adversely affect Lessee's performance of its obligations under this Lease;

(c) Violation of Government Approvals. If Lessee has violated or failed to obtain any Government Approval necessary for the commencement of construction the Project, Lessor shall have the right, without limitation, to require Lessee to cease construction until the violation or failure has been remedied to the reasonable satisfaction of Lessor in its sole discretion. The appeal or challenge by a third party of any such permit or approval shall not in and of itself constitute either a failure to have obtained the approval or a violation of this subsection (c).

2. Estimate of Costs and Assurance of Financial Ability to Complete Construction.

(a) Estimate of Construction Costs. Lessee shall present to the Department a complete list of the Improvements to be constructed on the Leased Premises under Phase One of the Development Plan, and under each subsequent Phase, and for each such Improvement, Lessee shall provide a written estimate by Lessee's Project Engineer of the costs of construction thereof. Lessee's Project Engineer shall certify to the Department that the list of Improvements is complete and accurate in accordance with the approved

Development Plan, and that the estimate of costs is the Project Engineer's best estimate of the costs thereof in accordance with the Project Engineer's generally accepted engineering practices

(b) Assurance of Financial Ability to Complete Construction of Phase One. Lessee shall present to the Department sufficient assurance of Lessee's financial ability to complete construction of all Improvements to be constructed on the Leased Premises under Phase One of the Project Such assurance may be in the form of:

(i) executed contracts for all construction necessary for completion of all Phase One Improvements along with sufficient performance and payment bonds in accordance with Article VIII hereof ensuring completion of such contracts and payment of sums due thereunder, or

(ii) a combination of cash on hand with Lessee (committed to payment of such construction), and irrevocable loan commitments for financing such construction, in a form acceptable to the Department, from financial institutions acceptable to the Department, equal to the Project Engineer's reasonable estimate of the costs of completion of such construction, provided however Lessee shall not thereafter allow the combination of remaining cash and irrevocable loan commitments to be less that the estimated cost of completion of such construction.

3. Approved Reclamation Plan. Lessee shall submit a Reclamation Plan for approval by the Department for reclamation of the Leased Premises upon the expiration or termination of this Lease. Such plan shall set forth the means whereby Lessee shall restore the Leased Premises to its natural state upon expiration or termination of this Lease. Lessee shall further submit the Reclamation Bond described in Article VIII Section C of this Lease. The Reclamation Plan shall address all planned construction of Improvements by Lessee and any other planned alteration of the Leased Premises. No construction of any Improvements and no alteration of the Leased Premises, nor any change in such construction or alteration, shall occur until the same is addressed and approved in the Reclamation Plan. The Reclamation Plan shall call for an annual operating review during which time Lessee shall disclose to the Department any construction or alteration of the Leased Premises planned by Lessee during the ensuing year. The scope of the Reclamation Plan (and the concurrent amount of the Reclamation Bond therefor) will be adjusted commensurate with the anticipated construction for the ensuing year and the then existing Improvements on the Leased Premises. The Department may require modification to the Reclamation Plan to ensure that the plan, and the corresponding amount of Lessee's bond, adequately addresses such planned construction or alteration In any event, the Department may review the Reclamation Plan at intervals of three (3) years and require reasonable modifications

therein based on the nature and extent of Lessee's alteration of the Leased Premises and the work reasonably necessary to restore the Leased Premises to its natural state.

4 Approved Vegetation Management and Erosion Control Plan. Lessee acknowledges its commitment and obligation to ensure that Lessee's operations on the Leased Premises and those portions of the ski hill and golf course not located on the Leased Premises do not adversely impact the surrounding environment, including the water quality of Lake Cascade and waters on the Leased Premises. Lessee shall submit a Vegetation Management and Erosion Control Plan for approval by the Department. Such plan shall set forth the means whereby Lessee will maintain the natural vegetation on the Leased Premises, control erosion on the Leased Premises, and reasonably ensure that Lessee's operations on the Leased Premises and those portions of the ski hill and golf course not located on the Leased Premises do not adversely impact the water quality of Lake Cascade or the waters on the Leased Premises. The Vegetation Management and Erosion Control Plan shall call for an annual operating review during which time Lessee shall disclose to the Department any construction or alteration of the Leased Premises planned by Lessee during the ensuing year, and the Department may require modification to the Vegetation Management and Erosion Control Plan to ensure that the plan adequately addresses such planned construction or alteration. Included in the Vegetation Management and Erosion Control Plan shall be, without limitation, the following:

- A plan for maintenance of natural vegetation where no removal is necessary for construction or operation of Lessee's Improvements;
- A plan, incorporating Best Management Practices, for removal of vegetation where necessary for construction of Lessee's Improvements and for replacement of removed vegetation with appropriate vegetation to maintain, as close as possible, the natural setting of the leased premises in a manner consistent with Lessee's authorized use of the Premises;
- A plan, incorporating Best Management Practices, for control of erosion and sediment during construction of Lessee's Improvements on the Leased Premises and thereafter as the result of the impacts of Lessee's Improvements;
- A plan for nutrient and pesticide management for the golf course improvements (to apply to the entire golf course, including that portion not located on the Leased Premises) to reasonably ensure that nutrients and pesticides applied to the golf course do not transport to streams or Lake Cascade;
- Provision for monitoring water quality in the streams and area of Lake Cascade adjacent to, or potentially impacted by runoff from, the Leased Premises, such monitoring to be done by Lessee with approval of the Idaho Department of Environmental Quality, or by the Idaho Department of Environmental Quality and funded by Lessee;
- A provision for on-site monitoring of the construction of Lessee's Improvements on the Leased Premises to reasonably ensure Lessee's compliance with the Vegetation Management and Erosion Control Plan such monitoring to be done by

Lessee with approval of the Idaho Department of Environmental Quality, or by the Idaho Department of Environmental Quality and funded by Lessee

Lessee's proposed Vegetation Management and Erosion Control Plan may incorporate permits or approvals acquired, or to be acquired by Lessee from other local, state and federal agencies with jurisdiction over Lessee's construction or operation within the WestRock Resort, so long as all actions required under any such permit or approval are incorporated as actions required under the proposed plan.

5. Removal of Lessee's Approval Contingency Lessee shall have delivered to Lessor a written removal of Lessee's Approval Contingency set out in Section E 1 (d) of Article I of this Lease

6. Memorandum of Approval Lessee shall obtain from Lessor a Memorandum of Approval indicating receipt and, where required, the approval of:

(a) The opinion of counsel and project engineer required pursuant to B.1.(b)(ii) of this Article,

(b) The proof of financial ability required pursuant to B.2. of this Article,

(c) The Reclamation Plan along with the Department's approval thereof,
the Vegetation Management and Erosion Control Plan along with the Department's approval thereof, and

(d) The Lessee's written removal of Lessee's Approval Contingency,

and authorizing Lessee to being construction of Phase I of the Project.

7. Phase P Activities. The following shall be preconditions to Lessee's commencement of Phase P activities:

(a) Lessee shall provide the Department with a Reclamation Plan for the Phase P activities and shall provide such Reclamation bonding as the Department determines is reasonably necessary for those activities;

(b) Lessee shall have a Conditional Use Permit from Valley County for the Phase P Activities.

C. Deadline for Completion of Phase One.

1. Completion of Preconditions. Lessee shall have a period of five (5) years from the Commencement Date to complete all Preconditions to Construction of

Improvements set forth in Section B Article III above In the event Lessee fails to do so, this Lease shall be terminable at Lessor's option.

2. Completion of Construction Lessee shall have a period of five (5) years from the completion of the Preconditions to Construction, as evidenced by Lessor's Memorandum of Approval, to complete construction of Phase One of the Project, and to commence operation thereof. In the event Lessee fails to do so, this Lease shall be terminable at Lessor's option

D. Construction of Improvements.

1. Lessee to Bear Expenses Any improvements constructed by or at request of LESSEE shall be constructed at LESSEE's own expense.

2. Compliance with Law and Lease Terms. All construction and Improvements on the Leased Premises must comply with all applicable federal, state and local laws and rules, including securing county building permits and county conditional use permits, as well as the terms of this Lease, including the approved Development Plan and the Vegetation Management and Erosion Control Plan. Construction of the Improvements shall also comply with all applicable safety standards, including, where applicable, the American National Standard Safety Requirements for Aerial Passenger Tramways.

3 Mechanics and Materialmen's Liens.

(a) No Lien The Lessee shall not subject the Leased Premises to any mechanics or material liens or other lien of any kind, except to the extent that the creation of such lien or liens is specifically authorized by a provision in this Lease. Nothing in this Lease shall be deemed to constitute a consent or authorization by Lessor to the creation of any such lien or encumbrance. Lessor does not consent to any lien or encumbrance, which would be superior to Lessor's interest in the Leased Premises. In any event, no lien or encumbrance of any kind or nature shall attach to the Leased Premises in a fashion that survives termination of the Lessee's interest under this Lease

(b) Release of Lien. The Lessee shall not allow a lien or claim of any kind (except for Permitted Liens defined in Section Q, Article O) to be filed or claimed against the Leased Premises during the continuance of this Lease without Lessor's prior written consent If such lien is claimed or filed, the Lessee shall cause the Leased Premises to be released from the claim within 30 days after the Lessee is given written notice that a claim has been filed, or within 30 days after the Lessor is given written notice of the claim and transmits written notice of its receipt to the Lessee, whichever 30-day period expires earlier. The Lessee will cause such release either by paying to the court the amount necessary to relieve and release the Leased Premises from the claim, or in any

other manner which, as a matter of law, will result, within the 30-day period, in releasing the Lessor and the Leased Premises from the claim. Lessee may contest any such lien claim using the mechanism set out in title 45, chapter 5, Idaho Code for posting a surety bond.

E. Review of Lessee Submittals. The Department will use best efforts to timely review items submitted by Lessee for approval under the terms of this Lease. The Department may, in its discretion, rely upon any review and approval by Valley County or other government agency as part of the Department's review and approval process. The Department will not unreasonably withhold or delay approval.

ARTICLE IV

TITLE TO IMPROVEMENTS, USE AND REQUIRED MAINTENANCE, LICENSE FOR OPERATION OF SKI HILL FACILITIES

A. Title to Improvements. Title to any Improvements constructed by or at request of Lessee shall remain in Lessee during the term of this Lease.

1. Expiration of Lease Term. Upon expiration of the term of this Lease, if Lessee is otherwise in good standing, Lessee shall have the option of removing Lessee's Improvements. Lessor shall also have the option of requiring Lessee to remove Lessee's Improvements. In either event, the Leased Premises shall be restored to conditions similar to when this Lease was first issued, as nearly as is reasonably practical, all at Lessee's sole cost and expense and pursuant to the approved Reclamation Plan.

2 Termination of Lease. Upon termination of this Lease prior to the expiration of the term hereof, if such termination is the result of default by Lessee, Lessor shall have the option of requiring Lessee to remove some or all of the Improvements and in such event, the Leased Premises, or such portion thereof as is affected by the removed Improvements, shall be restored to conditions similar to when this Lease was first issued, as nearly as is reasonably practical, all at Lessee's sole cost and expense and pursuant to the approved Reclamation Plan.

B. Removal of Improvements. Without Lessor's prior written approval, Lessee shall not remove Improvements from the Leased Premises other than as is necessary for replacement of worn out or outdated Improvements, and Lessee shall continue to maintain and restore or replace worn out Improvements on the Leased Premises sufficient to maintain the operations contemplated under the approved Development Plan. Any permitted encumbrance of the Improvements shall be subject to the terms of this Article IV.

C. Use and Operation of Improvements. Use and operation of the Improvements on the Leased Premises shall be in conformance with the use of the Leased Premises

set forth in Section I C of this Lease Use and operation of the Improvements shall comply with all applicable federal, state and local laws and rules and safety standards, including the American National Standard Safety Requirements for Aerial Passenger Tramways.

D. **Maintenance of Improvements.** During the Lease Term, Lessee, at its sole cost and expense, shall keep and maintain all of the Improvements and all additions thereto, in good condition and repair and shall make all necessary repairs, replacements and renewals, whether structural or non-structural, foreseen or unforeseen, ordinary or extraordinary, in order to maintain such state of repair and condition; it being the intention of the parties that Lessor shall have no liability for any of the foregoing, that Lessor obtain possession of the Improvements upon termination of this Lease for default, and that the Improvements will be in good repair and condition at said time, reasonable wear and tear excepted and insured casualty loss excepted; provided, however, that Lessee shall not be required to restore, repair or replace any Improvements that are at or near the end of their useful life, other than as is necessary to maintain the operations contemplated by the Development Plan. Lessee, at Lessee's expense, shall be responsible for all improvements, additions, alterations, maintenance, and repairs necessary or appropriate such that the Leased Premises and all Improvements thereon are in compliance with the ADA Lessee waives any provisions of law that may require any duty of repair by Lessor or permit Lessee to make repairs at the expense of Lessor.

E. **License for Operation of Ski Hill.** Pursuant to the terms set forth in this Section E, Lessee hereby grants to Lessor, and to Lessor's successors and assigns, a license for Lessor's employees and agents as well as Lessor's business invitees to travel over and across Lessee's property and to use the Ski Hill License Facilities located thereon for the purpose of the operation of the Ski Hill by Lessor or Lessor's agents in the event of a termination of this Lease by reason of Lessee's default. The terms of the license hereby granted shall be as follows:

1. Term of License. The term of this license shall run from the date of termination of this Lease by reason of Lessee's default to the date the term of this Lease would have expired had Lessee not defaulted, including any extensions or options to extend the term of this Lease.

2 Real Property and Facilities Subject to License. The property subject to this license shall consist of the Ski Hill License Facilities and the real property, owned by Lessee, upon which the Ski Hill License Facilities are located along with reasonable access across any roads constructed by Lessee for access by the public thereto.

3. Memorandum of License. As part of the approval of Lessee's Development Plan, Lessor and Lessee shall more specifically identify the parcels of land and the facilities which are subject to this license and shall prepare a memorandum of license suitable for recording in the real property records of Valley County, Idaho

describing said real property and facilities. Recording of this memorandum of license shall be a pre-condition to commencing construction on the Leased Premises.

4. Priority of License. Lessee shall provide Lessor with a Subordination and Nondisturbance Agreement with respect to the License granted hereunder, in a form reasonably acceptable to Lessor, from any Lender or claimant that has a security interest in, or lien on, the property subject to the License. In addition, in conjunction with the recording of the Memorandum of License described in 3 above, Lessee shall furnish a policy of title insurance in an amount of not less than Ten Thousand Dollars ($10,000) insuring Lessor's priority in the license property Lessee shall obtain acceptable Subordination and Nondisturbance Agreements from any Lender or claimant holding encumbrances against the license property prior to the date of recording of the license. Such Subordination and Nondisturbance Agreements shall be a pre-condition to commencing construction on the Leased Premises.

ARTICLE V

REPAIR/REPLACEMENT OF DAMAGED IMPROVEMENTS

A. **Continuation of Lease.** No loss or damage by fire or any other cause resulting in either partial or total destruction of the Leased Premises, or of any buildings or Improvements now or hereafter located in, upon or on the Leased Premises, or any fixtures, equipment or machinery used or intended to be used in connection with the Leased Premises or the improvements thereon, shall operate to terminate this Lease Agreement or to relieve or discharge Lessee from the payment of any Rent, or other amounts payable hereunder, as rent or otherwise, as and when they become due and payable, or from the performance and observance of any of the agreements, covenants and conditions herein contained to be performed and observed by Lessee.

B. **Restoration.** In case of any damage by fire or any other cause resulting in either partial or total destruction of any Improvements now or hereafter located in, upon or on the Leased Premises, or any fixtures, equipment or machinery used or intended to be used in connection with the Leased Premises or the Improvements, Lessee shall, at its expense and whether or not the insurance proceeds, if any, on account of such damage or destruction shall be sufficient for the purpose, promptly commence and complete the restoration, replacement or rebuilding of the Improvements, fixtures, equipment or machinery, as nearly as possible to its value, condition and character immediately prior to such damage or destruction.

C. **Application of Insurance Proceeds.** Insurance proceeds on account of any damage to or destruction of the Leased Premises or any part thereof shall be applied first to Restoration of the Improvements, and any fixtures, equipment or machinery associated therewith. Lessor may elect to require that insurance proceeds be paid into a depository chosen by Lessor and held pending payment of the costs and expenses of restoration.

ARTICLE VI

MARKETABLE TIMBER, LANDSCAPING, AND VEGETATION

A. **Marketable Timber.** Marketable Timber on the Leased Premises remains the property of Lessor and proceeds from the harvest of any Marketable Timber shall belong to the Lessor Lessor and Lessee acknowledge that removal of timber from the Leased Premises will be necessary as part of the development of Lessee's project. Removal of Marketable Timber from the Leased Premises shall be accomplished by Lessor under the statutes and rules governing harvesting of timber from state lands, including without limitation title 58, chapter 4, Idaho Code Lessee shall identify those areas where removal of Marketable Timber is necessary for Lessee's Project according to the Development Plan. Lessor shall then arrange for harvest of Marketable Timber from the areas identified by Lessee, provided however, harvest of Marketable Timber, including any preparations for harvest which require construction upon or alteration of the Leased Premises, shall be considered part of construction of the Project and as such shall not commence until the Pre-conditions to Commencement of Construction set forth in Article III Section B above have been met, except as may be authorized in writing by the Department, in its sole discretion, as part of Phase P. Lessee may bid on any timber harvest on the Leased Premises, either directly, provided Lessee qualifies, or through a qualified contractor.

The Department will incorporate reasonable harvest terms and conditions into each timber harvest contract on the Leased Premises, including terms and conditions which will maintain compliance with the Vegetation Management and Erosion Control Plan, Lessee's Storm Water Pollution Prevention Plan (as approved by DEQ and Valley County) to the extent such Storm Water Plan is applicable to timber harvest on the Leased Premises, and any other applicable plans and Environmental Laws. Where feasible for the timber harvest, terms and conditions which will accommodate Lessee's anticipated post-harvest construction of Improvements (including ski runs) on the Lease Premises will also be included The Department will give Lessee prior notice of harvest activities and Lessee's Environmental Compliance Officer may monitor the harvest activities, provided such monitoring shall not interfere with the Department's harvest.

Upon completion of each timber harvest, the Department will verify compliance with the terms and conditions of the timber harvest contract, and when the Department has determined that the terms and conditions have been complied with, the Department will turn the harvest area over to Lessee for construction of Improvements or other activities consistent with the terms of this Lease From and after the time the Department verifies compliance with the timber harvest terms and conditions, and turns the harvest area over to Lessee, Lessee shall be responsible for compliance with applicable Environmental Laws with respect to the Leased Premises, including the harvest area, unless Lessee can show that any non-compliance with an Environmental Law was caused by a failure of the Department or the logging contractor to comply with the terms and conditions of the timber harvest contract, with applicable Environmental

Laws, title 58, chapter 4, Idaho Code and/or the Departments rules and procedures governing harvest of timber from state lands In the event Lessee can show that any non-compliance with an Environmental Law was caused by a failure of the Department or the logging contractor to comply with the terms and conditions of the timber harvest contract, with applicable Environmental Laws, with title 58, chapter 4, Idaho Code and/or the Departments rules and procedures governing harvest of timber from state lands, Lessee shall not be responsible for compliance therewith

B. **Other Landscaping and Vegetation Removal.** All other Landscaping and Vegetation removal shall be done in conformance with the Development Plan and the Vegetation Management and Erosion Control Plan, provided however, Lessee shall only remove vegetation and landscape the Leased Premises as is reasonably necessary for construction of the Improvements to be located on the Leased Premises in conformance with the Development Plan. The Leased Premises shall remain in their natural state other than as is necessary for such construction Lessee shall comply with all aspects of the approved Vegetation and Erosion Management Plan.

ARTICLE VII

WATER RIGHTS AND WATER DEVELOPMENT

A. **Existing Water and Water Rights.** There are no water rights appurtenant to the Leased Premises Use of water and development of water rights shall be as set forth below.

B. **Development of New Water Rights.** Except as hereinafter set forth, Lessee shall neither drill and use a new water well nor develop or use any new source of water on the Leased Premises, nor shall Lessee transfer water rights on or to the Leased Premises, without the prior written consent of the Department or its authorized agent, and the prior written consent of any department or agency of the State of Idaho having jurisdiction to regulate water rights in this state. All water rights hereinafter acquired or developed on the Leased Premises shall be taken in the name of the State of Idaho

C. **Specific Consent for Use of Water from Private Source on Leased Premises.** Lessee may acquire or develop new water rights from sources not on the Leased Premises, or may transfer use of existing water rights not held by the State of Idaho for application of water onto the Leased Premises for purposes reasonably related to Lessee's authorized uses identified in Section C of Article I above, provided however before any such water is applied to the Leased Premises, Lessee shall execute and deliver to the Department a transfer to the State of Idaho of the rights associated with such water; provided, under no circumstances shall the said transfer be filed with the Department of Water Resources or otherwise implemented unless and until this Lease has been terminated, both as to Lessee and any secured Lender or Mortgagee, due to Lessee's default. In such case, the transfer shall carry with it the obligation on the part of Lessor to contribute, pro rata, to the reasonable cost of

maintenance, upkeep, repair, and replacement of the delivery system for the said water or Lessor shall return such water right to Lessee. The said water rights shall otherwise remain the exclusive property of Lessee Water rights for purposes of this section C shall include permits, licenses, decrees or other diversions and uses of water which are approved by the Idaho Department of Water Resources.

D. **No Additional Property Right.** Lessee shall not acquire or be deemed to have acquired any property rights in the Leased Premises by means of the use of water on the Leased Premises, separate from or in addition to Lessee's Leasehold rights hereunder.

ARTICLE VIII

BONDS

A. **Bonds Generally.** All bonds shall be in a form acceptable to Lessor, conditioned upon the Lessee's good faith compliance with all provisions of this Lease, and all terms and conditions imposed by the State. All bonds shall be issued by an Idaho qualified U S. bond or insurance company subject to the Department's approval, and shall provide for notice to Lessor prior to any cancellation or lapse of the Bond In the event that Lessee fails to maintain these bonds in full force at all times, as required by this Lease, Lessor shall have the option, without notice to Lessee, of re-instating the necessary bonds, in which case the cost to the Lessor thereof, together with a penalty equal in amount to such cost, shall be due and owing by Lessee to Lessor as rent, no later than ten (10) days after demand therefor by the Lessor. In addition, the failure of the Lessee to maintain these bonds in full force at all times as required during this Lease shall constitute a material breach of this Lease If a letter of credit is submitted in lieu of a bond, a substitute bond, a new credit, or an extension of the expiration date of the existing credit must be received by Lessor thirty (30) days before the expiration of the credit; failure to provide this replacement thirty (30) days prior to the expiration of the credit shall constitute a breach of this Lease and shall be grounds for Lessor to present said credit for payment.

B. **Payment and Performance Bonds.** Lessee shall furnish good and sufficient payment and performance bonds, each in the full contract amount, for each contract for construction of Improvements on the Leased Premises, which bonds shall be in favor of Lessor to protect Lessor against loss due to Lessee's failure to complete such construction in accordance with the Development Plan or Lessee's failure to pay contractors, subcontractors and others who may provide goods and services to Lessee. The period of liability of the bonds shall not be terminated until the completion of construction of all Improvements to be constructed on the Leased Premises within the Project phase in question and the expiration of the timeframe under applicable law for filing of lien claims with respect to such construction has expired.

C. **Reclamation Bond.**

1 Bond Terms and Initial Bond Amount. Upon approval of the Reclamation Plan, Lessee shall furnish a good and sufficient bond in the amount equal to the Lessor's reasonable estimate of the cost of reclamation in accordance with the approved Reclamation Plan. The period of liability of the bond shall not be terminated until all terms and conditions of the approved Reclamation Plan have been completed, and the bond is released in writing by the Director. Release of bond shall occur no later than one year after the expiration of this Lease, unless otherwise agreed. Attachment D hereto contains forms for surety bonds, letter of credit bonds, cash bonds and Certificate of Deposit bonds acceptable to the Department for reclamation bonds.

2 Adjustment of Bond Amount At intervals of no less than one (1) year after approval of the Reclamation Plan, Lessor may revise the estimate of the cost of reclamation in accordance with the approved Reclamation Plan to reflect then current costs and prices for the work and materials necessary for reclamation of the Leased Premises in accordance with the Reclamation Plan. Within thirty (30) days of receipt of such revised estimate, Lessee shall then cause the existing Reclamation Bond to be adjusted accordingly or shall furnish a new Reclamation Bond in the amount of the revised estimate.

3 Release of Reclamation Bond. Any time after the later of (i) the end of Lessee's right to terminate under Section F Article I of this Lease or (ii) the completion of three consecutive years of operation of the Phase One minimum ski area described in the Development Plan, Lessee may petition the Board for release of Lessee's obligation to maintain the Reclamation Bond In determining whether to release Lessee, the Board may reasonably consider whether Lessee has presented a sufficient showing to the Board that the ski hill operation as then operating is an economically viable long term operation sufficient to negate a reasonable need for bonding for reclamation of the existing improvements After any release by the Board of Lessee's obligation to maintain the Reclamation Bond, the Department may require that any subsequent construction or alteration of the Leased Premises include contract terms for stabilization of the construction area and a reasonable timeframe for verifying that the construction area is stabilized before final release of that portion of the construction bonds (payment and performance) associated with stabilization of the construction area

ARTICLE IX

INSURANCE

A. **Required Insurance.** Lessee shall purchase and keep in full force and effect all insurance of the type and amounts required by this Lease, as follows:

1. Commercial General and Umbrella Liability Insurance. Lessee shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella

liability insurance, with a limit for each occurrence, and a general annual aggregate of not less than twenty-five million dollars ($25,000,000). Such general annual aggregate shall apply separately to the Leased Premises.

(a) CGL insurance shall be in a form and from an insurance company satisfactory to Lessor and shall cover liability for bodily injury, property damage, and personal injury arising from Lessee's use and/or occupation of the Leased Premises including, without limitation, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract including the tort liability of another assumed in a business contract

(b) The CGL and any umbrella policy shall include Lessor, the State of Idaho, the Board of Land Commissioners, the Idaho Department of Lands, and their officers, agents, and employees respectively as additional insureds, for liability arising out of the occupancy or use by Lessee of the Leased Premises, and such status as an additional insured shall be evidenced by an endorsement or other policy provision acceptable to Lessor. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to, and non-contributory with, any additional insured.

(c) Waiver of Subrogation. Lessee and Lessor waive all rights against each other and any additional insured for recovery of damages to the extent these damages are covered by the commercial general liability or commercial umbrella liability insurance maintained by Lessee pursuant to this Lease

2 Builders Risk/Installation Floater Insurance During the term of this Lease, in the event of any construction or alteration of any Improvements on the Leased Premises by Lessee, Lessee shall maintain in force, at its own expense, (during the course of such construction or alteration) Builders Risk/Installation Floater Insurance, including soft costs for all construction on the Leased Premises and for any offsite locations at which fabrication of Improvements, or storage of materials therefor, is taking place, on an all risk of direct physical loss form, including earthquake and flood (if reasonably available) for an amount equal to the full amount of the construction contract. Any deductible amount shall not exceed fifty thousand dollars ($50,000) for each loss, except earthquake and flood deductibles shall not exceed 5 percent (5%) of the value at risk at the time of each loss or fifty thousand dollars ($50,000) for each loss, whichever is more The policy shall include, as an additional insured, the Lessor as its interests may appear and such status as an additional insured shall be evidenced by an endorsement or other policy provision acceptable to Lessor.

3 Property Insurance

(a) Lessee shall throughout the term of this Lease, at its own expense, keep and maintain in full force and effect commercial property insurance covering

the Improvements, fixtures, equipment, personal property, tenant improvements and betterments located on the Leased Premises

(b) Commercial property insurance shall, at a minimum, cover all perils insured under the ISO Special Causes of Loss Form, and in addition shall incorporate the following coverages, which requirements may be adjusted by the Department upon a showing by Lessee, satisfactory to the Department, that the cost of the coverage, or some element thereof, is not commercially reasonable and is not required of other ski areas on public lands:

(i) Flood insurance with a limit equal to the full replacement cost of the Improvements, fixtures, equipment, personal property, tenant improvements and betterments located on the Leased Premises. This requirement is subject to annual review and modification, which is reasonable under the circumstances, in recognition of changes in the insurance marketplace. Any deductible amount shall not exceed two hundred fifty thousand dollars ($250,000) for each loss, except earthquake and flood deductibles shall not exceed 5 percent (5%) of the value at risk at the time of each loss or two hundred fifty thousand dollars ($250,000)for each loss, whichever is more.

(ii) Earthquake coverage, if the cost thereof is reasonable, with a limit equal to the full replacement cost of the improvements, fixtures, equipment, personal property, tenant improvements and betterments located on the Leased Premises shall be provided. This requirement is subject to annual review and modification, which is reasonable under the circumstances, in recognition of changes in the insurance marketplace. Any deductible amount shall not exceed two hundred fifty thousand dollars ($250,000) for each loss, except earthquake and flood deductibles shall not exceed 5 percent (5%) of the value at risk at the time of each loss or two hundred fifty thousand dollars ($250,000)for each loss, whichever is more.

(iii) Comprehensive Boiler and Machinery Insurance, including property damage, business interruption and expediting expenses covering the building, fixtures, equipment, tenant improvements and betterments, and tenant's personal property from loss or damage caused by but not necessarily limited to:

- explosion, rupture, bursting, etc. of steam boilers, steam turbines, gas turbines, and steam engines;
- rupture, bursting, cracking of pressure vessels, piping or apparatus; or

- mechanical or electrical damage to equipment and or electrical apparatus,

where such risk is not otherwise covered by Lessee's Property Insurance required under this Lease. Both the Property Policy and Boiler & Machinery policy shall include a joint loss agreement

(c) Business Income/Leasehold Insurance. From the time Lessee commences operations on the Leased Premises, and thereafter, Lessee shall purchase, as part of Lessee's property insurance, business income, business interruption, extra expense or similar coverage, for actual loss sustained, as part of Lessee's commercial property insurance. In no event shall the Lessor be liable for any business interruption or other consequential loss sustained by Lessee, whether or not it is insured, other than such loss as is caused by the negligence of Lessor, its employees, officers, directors, or agents.

(d) Commercial property insurance shall cover the full replacement cost of the property insured. The amount insured shall equal the full estimated replacement cost of the property insured Any coinsurance requirement in the policy shall be eliminated through the attachment of an agreed amount endorsement, the activation of an agreed value option, or as otherwise appropriate under the particular policy form.

(e) Lessor shall be included as a loss payee under the commercial property insurance, as its interests appear, and such status as an additional insured shall be evidenced by an endorsement, or other policy provision, acceptable to Lessor.

4. Automobile and Umbrella Liability Insurance. Lessee shall maintain during the term of this Lease, at Lessee's expense, automobile liability and, if necessary, commercial umbrella liability insurance with a limit of not less than one million ($1,000,000) each accident. Such insurance shall cover liability arising out of the use by Lessee, or its employees, officers, or agents of any auto which is owned or operated by Lessee, or its officers, agents, or employees in conjunction with Lessee's operation of the project.

5. Environmental Impairment/Pollution Insurance Lessee shall obtain, at Lessee's expense, and keep in effect during the term of the this Lease, Pollution Liability Insurance covering the following:

(a) On-site clean up;

(b) Third Party claims for onsite bodily injury and property damage;

(c) Third party claims for off-site clean-up; and

(d) Third Party claims for off-site bodily injury and property damage, resulting from the discharge, dispersal, release, or escape of any Hazardous Substance onto, in, or from the Leased Premises during the term of this Lease as the result of Lessee's use and possession of the Leased Premises. Such policy shall name the Lessor, the State of Idaho, the Board of Land Commissioners, the Idaho Department of Lands, and their officers, agents, and employees respectively as additional insureds, and shall have a limit for each occurrence, and a general annual aggregate, of not less than Three Million Dollars ($3,000,000).

6 Other Insurance.

(a) Lessee shall purchase insurance to cover Lessee's personal property In no event shall Lessor be liable for any damage to or loss of personal property sustained by Lessee, whether or not insured, other than such loss as is caused by the negligence of Lessor, its employees, officers, or agents

(b) Workers Compensation and Umbrella Liability Insurance. Lessee shall maintain during the term of this Lease, at Lessee's expense, workers compensation insurance as required by applicable law, along with employers liability insurance and, if necessary to reach the required coverage limit, commercial umbrella liability insurance, having a limit of not less than $2,000,000 per occurrence. Such insurance shall contain a waiver of subrogation in favor of Lessor.

B. Lessee's Insurance Policy Requirements.

1. Insurance Policies and Evidence of Insurance. All insurance required under this Article shall be with companies licensed and admitted in Idaho and approved for this Lease by Lessor. Lessor's general requirements for such approval include a Best's rating of A- or better. Prior to taking occupancy or commencing construction and at least annually thereafter, Lessee shall furnish Lessor with a certificate of insurance executed by a duly authorized representative of each insurer, and a copy of any applicable policy or policy endorsement showing compliance with the insurance requirements set forth above. All policies required under this Article shall be written as primary policies and not contributing to or in excess of any coverage Lessor may choose to maintain. Lessee shall provide Lessor with certificates of insurance and policy endorsements as follows:

Coverage	Evidence of Coverage
CGL (Section A 1)	• Policy Endorsement and copy of policy evidencing each required coverage
Builders Risk/Installation Floater Insurance (Section A.2)	• Policy Endorsement and copy of policy evidencing each required coverage
Property Insurance (Section A.3)	• Policy Endorsement and copy of policy evidencing each required coverage
Automobile Liability (Section A.4)	• Certificate of Insurance evidencing required coverage
Environmental Impairment/Pollution Insurance	• Certificate of Insurance evidencing required coverage
Workers Compensation/ Employers Liability Insurance	• Certificate of Insurance evidencing required coverage

(a) All certificates and policies shall provide for sixty (60) days' written notice to Lessor prior to cancellation or material change of any insurance referred to therein.

(b) The words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" shall be deleted from any certificate form's cancellation provision

(c) Any failure to comply with the reporting provisions of this insurance, except for the potential exhaustion of aggregate limits, shall not effect coverages provided to Lessor, the State of Idaho, the Board of land Commissioners and the Idaho Department of Lands, its officers and employees

(d) Failure of Lessor to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Lessor to identify a deficiency from evidence that is provided shall not be construed as a waiver of Lessee's obligation to maintain such insurance.

(e) Once they become available to Lessee or Lessee's insurance broker, Lessee shall provide certified copies of all insurance polices required above within ten (10) days of Lessor's written request for said copies.

2. No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will necessarily be adequate to protect Lessee, and such coverage and limits shall not be deemed as a limitation on Lessee's liability under the indemnities granted to Lessor in this Lease

3. Cross-Liability Coverage. If Lessees' liability policies do not contain the standard ISO separation of insured provision, or a substantially similar clause, they will be endorsed to provide cross-liability coverage.

4. Payment of Premiums – Policy Renewals. The Lessee shall pay premiums and be responsible for all deductibles for all of the insurance policies it is required to carry under the terms of this Lease The Lessee shall also cause renewals of expiring policies and shall furnish Lessor with certificates showing such renewed policies at least ten (10) days before the policy's expiration date

5. Failure to Maintain Insurance. Failure to maintain the required insurance shall be a material default under this Lease

6 Lessor's Right to Purchase. If Lessee fails to maintain the insurance as set forth herein, Lessor shall have the right but not the obligation to purchase said insurance at Lessee's expense. Lessor's acquisition of insurance under this subsection 6 at Lessee's expense may include a charge to Lessee as the result of application of general coverage insurance policies maintained by Lessor. The cost of insurance purchased by Lessor hereunder shall constitute additional rent under this Lease

ARTICLE X

SUBLEASING AND ASSIGNMENT

A. Assignment Lessor and Lessee acknowledge that Lessor has entered into this Lease because of the unique development experience and abilities, planning skills and marketing expertise of Lessee As a result, Lessee shall not have the right to assign all or any part of this Lease without Lessor's prior written consent, and any attempted assignment shall be null and void, shall constitute a default under this Lease. Lessor's consent may not be unreasonably delayed or withheld, provided however, without limiting Lessor's discretion in any fashion, Lessor, in determining whether to consent to a requested assignment, may reasonably consider the proposed assignee's development experience and abilities, planning skills, marketing expertise and ski area operating expertise, and may refuse to consent to such assignment if, in the Lessor's reasonable opinion, the proposed assignee lacks the necessary experience, skills, abilities or expertise to adequately perform Lessee's obligations under this Lease.

Lessor may also reasonably consider the benefit to Lessor in retaining the unity of the leasehold under this Lease with a single lessee, for purposes of Lessor's management of its leasing interest

B. **Subleasing.** Subject to the limitations set forth in this Section B, Lessee may sublease portions of the Leased Premises to third parties for operation of specific Improvements (such as restaurants) on the Leased Premises, provided each such sublease shall be subject to all terms of this Lease, including termination of Lessee's interest under this Lease, and shall require the prior written approval of the terms and conditions of the sublease by the Department. The Department's consent may not be unreasonably withheld, provided however, without limiting the Department's discretion in any fashion, the Department, in determining whether to consent to a requested sublease, may reasonably consider the proposed sub-lessee's development experience and abilities, planning skills, marketing expertise and operating expertise, as applicable to such sublease, and may refuse to consent to such sublease if, in the Department's reasonable opinion, the proposed sub-lessee lacks the necessary experience, skills, abilities or expertise to adequately perform its obligations under such sublease as those obligations pertain to Lessee's obligations under this Lease. Any such sublease shall be subject to and subordinate to the rights of Lessor under this Lease, and any such sub-lease shall include the following:

1. No sublease shall relieve Lessee of its responsibility to pay and perform all of its obligations hereunder;

2. Lessee shall not be entitled under a sublease to collect rent which is prepaid in advance for any period longer than Lessee's rent period under this Lease (quarterly or annually, as the case may be), and in no event shall Lessee accept prepaid rent for a term beyond the term of this Lease;

3. The proposed use of the portion of the Leased Premises subject to the sublease must be a Permitted Use under this Lease;

4. The term of a sublease may not exceed the term of this Lease;

5. Such sublease provides that any violation of any provisions of this Lease, whether by act or omission, by a sublessee shall be a default under the sublease, entitling the sub-lessor thereunder to terminate such sublease and exercise other remedies as a result thereof;

6. Such sublease contains the attornment provisions of this Section;

7. Such sublease provides that Lessor shall not be liable or responsible, except as expressly required by Idaho Code § 6-321, for the return of any security deposit or prepaid rents that may have been paid by a sublessee to Lessee;

8. Lessor shall not be liable for any act or omission of any prior sub-lessor;

9. Lessor shall not be subject to any offsets or defenses which the sublessee may have against any prior sub-lessor;

10. Lessor shall not be bound by any payment in respect of rent, or other additional charges, as described in the sublease, which the sublessee might have paid for more than one rental period in advance to any prior sub-lessor;

11 Lessor shall not be bound by any agreement or modification of the sublease made without the written consent of Lessor;

12 Lessor shall not be bound by any provision set forth in the sublease requiring the sublessor to indemnify or hold the sublessee harmless;

13. Lessor shall not be bound by any covenant to undertake or complete any construction on the Leased Premises or any portion thereof; and

14. Lessor shall not be bound by any obligations to make any payment to the sublessee.

Any attempted sublease in violation hereof shall be null and void, shall constitute a default under this Lease.

C. Option to Continue Sub-lease and Attornment. If this Lease is terminated prior to the expiration of its term, Lessor shall have the option of continuing an approved sub-lease and, if so, then, such sub-lessee shall attorn thereunder directly to Lessor.

D. Lessee's Primary Liability. Lessee's making of any assignment, mortgage, pledge, encumbrance or subletting, in whole or in part, shall not relieve Lessee for the performance of every term, condition and obligation contained in this Lease unless a written release is granted by Lessor, which release shall be at Lessor's sole discretion.

E. Limited Consent. Any consent by Lessor herein contained or hereafter given to any act or assignment, shall be held to apply only to the specific transaction hereby or thereby approved. Such consent shall not be construed as a waiver of the duty of Lessee, or its successors or assigns, to obtain from Lessor a consent to any other or subsequent assignment, mortgage or encumbrance or as a modification or limitation of the right of Lessor with respect to the foregoing covenant by Lessee

ARTICLE XI

MORTGAGES

A. **Lessee's Right to Mortgage.** Provided Lessee is not in default under this Lease, and Lessee has completed the pre-conditions to commencement of construction of Improvements set forth in Section B, Article III of this Lease, Lessee shall have the right, subject to the terms and conditions set forth in this Lease, to encumber its interest in the leasehold estate and any Improvements constructed by or at the direction of Lessee located thereon by one or more mortgages, deeds of trust, security agreements or otherwise (a "Leasehold Mortgage"); subject, however, to the limitations set forth in this Article XI. Any such Leasehold Mortgage shall be subject and subordinate to the rights of Lessor under this Lease and any holder of such Leasehold Mortgage (hereinafter a "Holder") shall execute a subordination and attornment agreement in a form acceptable to Lessor.

B. **Notice to Lessor of Leasehold Mortgage.**

1. Notice to Lessor of Leasehold Mortgage. Notwithstanding any other form of notice, actual or constructive, no Holder of a Leasehold Mortgage on this Lease shall have the rights or benefits set forth in this Article XI nor shall the provisions of this Article XI be binding upon Lessor, unless and until a copy of the fully executed Leasehold Mortgage, and of each assignment thereof, shall have been delivered to Lessor, along with the subordination and attornment agreement and notice of the address of the Holder.

2. Recording of Leasehold Mortgage. The Holder of a Leasehold Mortgage shall cause the same to be recorded in the real property records of Valley County, Idaho, and such recording shall establish the priority date of each Leasehold Mortgage for purposes of subsection C.6 of this Article XI.

C. **Leasehold Mortgagee Protection.** If Lessee shall enter into a Leasehold Mortgage pursuant to this Article XI then so long as any such Leasehold Mortgage shall remain unsatisfied of record, the following provisions shall apply:

1. Notices

(a) Notice of Default. Lessor, upon serving upon Lessee any notice of default under this Lease, shall also use best efforts to contemporaneously serve a copy of such notice upon the Holders of all Leasehold Mortgages, at the address provided by such Holder pursuant to subsection B 1 of this Article XI Lessor's failure to serve a notice upon the Holder of any particular Leasehold Mortgage shall not affect Lessor's rights as against the Lessee or as against any other party with an interest in the leasehold estate, other than as may be the

result of such Holder's exercise of rights upon receipt of notice as set forth in subsection C.1.(d) of this Article XI.

(b) Notice of Action to Terminate. In the event Lessor commences an action to terminate Lessee's interest under this Lease, Lessor shall give notice of such action to all Holders of a Leasehold Mortgage Lessor's failure to serve such notice upon the Holder of any particular Leasehold Mortgage shall not affect Lessor's rights as against the Lessee or as against any other party with an interest in the leasehold estate, other than as may be the result of such Holder's exercise of rights upon receipt of notice as set forth in subsection C.1.(d) of this Article XI. Nothing herein shall reinstate any rights to cure which lapsed prior to commencement of the action to terminate.

(c) Notice of Termination Upon any termination of the interests of Lessee hereunder, Lessor shall give notice of such termination to any Holder of a Leasehold Mortgage. The rights of a Holder of a Leasehold Mortgage upon such termination shall be as set forth in subsection C.5 below.

(d) Failure to Give Contemporaneous Notice to a Holder. In the event any Holder of a Leasehold Mortgage is not given a notice described in subsections (a), (b), or (c) of this subsection C 1 contemporaneously with such notice being given to Lessee, the time within which such Holder may elect to take any action in response to such notice, including where applicable;

(i) action to cure a default on behalf of Lessee under subsection C 2 (a) of this Article XI,

(ii) action to cure a default solely for the Holder's benefit under subsection C.2.(b)(i) of this Article XI, and

(iii) action to commence foreclosure or otherwise obtain possession of the Leased Premises under subsection C.2.(b)(ii) of this Article XI, shall not begin to run until notice of the default is served on the Holder. Timeframes for cure or other action by a Holder which otherwise run consecutively shall run consecutively from the time of notice to such Holder.

2. Mortgagee's Rights to Cure.

(a) Cure During Time for Lessee to Cure. Any Holder of a Leasehold Mortgage shall have the right, within the time period for cure by the Lessee, to remedy a default by Lessee, or cause the same to be remedied. Lessor shall accept such performance by or at the instance of such Holder as if the same had been made by Lessee. In addition, the time for cure on behalf of Lessee as set forth in this subsection C.2.(a) shall be extended as set forth in subsection

C.1.(d)(i) above for any Holder not given contemporaneous notice of default. Cure by such Holder under subsection C.1 (d)(i) shall reinstate Lessee if Lessee's interest had been terminated as the result of such uncured default prior to the Holder's cure under subsection C.1.(d)(i).

(b) Additional Cure Periods for Leasehold Mortgagee. In addition to the cure period allowed under 2 (a) above, a Holder of the Leasehold Mortgage shall have the following additional periods for cure of defaults:

(i) Additional Period Generally. Any Holder of a Leasehold Mortgage, shall have the right, within fifteen (15) days following the expiration of the period provided for Lessee to cure a default, to remedy such default or cause the same to be remedied. In addition, the additional time for a Holder to cure as set forth in this subsection C.2 (b)(i) shall be extended as set forth in subsection C.1.(d)(ii) above for any Holder not given contemporaneous notice of default. Any cure made pursuant to this subsection C.2.(b)(i) shall not result in a reinstatement of the interest of Lessee under this Lease unless Lessor agrees in writing to such reinstatement

(ii) Cure Which Requires Possession of the Leased Premises to Effect. In the event of a default by Lessee under this Lease (not including any default in the payment of Rent), which default, by its nature, requires possession of the Leased Premises in order to effect a cure thereof, if the Holder of a Leasehold Mortgage has commenced an action to foreclose or to otherwise obtain possession of the Leased Premises prior to the expiration of the time for cure of such default under subsection 2 b (i) of this Section C, and the Holder prosecutes such action diligently to completion, the Holder shall have thirty (30) days from the completion of the foreclosure action or the acquisition of possession of the premises or of the Lessee's interest under this Lease, whichever first occurs, within which to cure such default In the event a Holder is prohibited from commencing or prosecuting a foreclosure or proceedings for possession by any law, any bankruptcy or insolvency proceeding involving Lessee or any process or injunction issued by any court having jurisdiction thereover (a "Foreclosure Prohibition") the timeframe for such Holder to commence an action to foreclose or to otherwise obtain possession shall be tolled. Any such cure under this subsection C.2.(b)(ii), made after expiration of the period provided for Lessee to cure, shall not result in a reinstatement of the interest of Lessee under this Lease unless Lessor agrees in writing to such reinstatement

(c) Relief from Cure of Defaults Personal to Lessee. With respect to any default by Lessee under this Lease (not including any default in the payment of Rent) which default is specific and personal only to Lessee and not susceptible of

cure by a Leasehold Mortgagee (such as Lessee's filing of a petition for relief in bankruptcy, the appointment of a receiver for Lessee's assets, or Lessee's assignment of its interest in this Lease in violation of the terms hereof) if the Holder of a Leasehold Mortgage has commenced an action to foreclose or to otherwise obtain possession of the Leased Premises prior to the expiration of the time for cure of default under subsection 2 b(i) of this Section C, and the Holder prosecutes such action diligently to completion, the Holder shall not be required to cure such default. In the event a Holder is prohibited from commencing or prosecuting a foreclosure or proceedings for possession by any law, any bankruptcy or insolvency proceeding involving Lessee or any process or injunction issued by any court having jurisdiction thereover (a "Foreclosure Prohibition") the timeframe for such Holder to commence an action to foreclose or to otherwise obtain possession shall be tolled.

(d) Commencement of Cure. In the case of any curable failure (other than a failure to pay Rent or other sums due under this Lease) which cannot with diligence be cured within the applicable cure period, if the Holder of Leasehold Mortgage shall commence to cure within the applicable cure period and thereafter to prosecute continuously to complete the curing of such failure with diligence, the time within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with diligence.

(e) Cure by a Holder. Cure by any Holder of any default under this Lease shall be deemed a cure by all Holders, and a cure by any Holder on behalf of the Lessee (if made within the time for such Holder to cure on behalf of the Lessee) shall be deemed a cure by Lessee. No action by any Holder to cure or attempt to cure any default of Lessee under this Lease shall, in and of itself, constitute an assumption by such Holder of the obligations of Lessee under this Lease.

3 Mortgagee's Rights to Foreclose.

(a) Right to Action. Upon a default under a Leasehold Mortgage, the Holder of such Leasehold Mortgage may take action to obtain possession of the Premises (including possession by a receiver); or to institute, prosecute and complete foreclosure proceedings or otherwise acquire Lessee's interest under this Lease so long as such Holder cures, and continues to cure Lessee's defaults under this Lease (whether any such default arises before or after commencement of such Holder's action), other than defaults described in subsection C.2.(c) of this Article XI, as hereinabove set forth.

(b) Acquisition Under Leasehold Mortgage. Subject to the terms of subsection C.7 of this Article XI, the Holder of a Leasehold Mortgage or other purchaser in foreclosure proceedings under a Leasehold Mortgage may become the legal owner of the leasehold estate created under this Lease through such foreclosure or by assignment of this Lease in lieu of foreclosure

4. Lessor's Rights to Terminate. The rights of a Holder of a Leasehold Mortgage to commence foreclosure under such mortgage and to cure defaults in conjunction with such foreclosure shall not impair the rights of Lessor to terminate Lessee's interest in this Lease by reason of any default by Lessee which is not cured within the time for cure by Lessee, or within the time for cure by a Holder on behalf of Lessee. Termination of this Lease as to any Holder shall be subject to such Holder's rights to cure hereunder, provided however, in the event the default or defaults giving rise to the termination of Lessee's interest (other than defaults described in subsection C 2.(c) of this Article XI) are not cured by a Holder of a Leasehold Mortgage within any time allowed for such cure, then termination by Lessor pursuant to such default or defaults shall also terminate the interests of Leasehold Mortgagees

5. Acquisition of Leasehold Interest After Termination of Lessee's Interest In the event of a termination of Lessee's interest by Lessor under this Lease (including voluntary terminations), any Holder of a Leasehold Mortgage whose interest has not also been terminated, may assume the position of Lessee under the terms of subsection 7 below. Upon completion of Lessor's action to terminate Lessee's interest, Lessor shall tender the right to assume this Lease to such Holder, who shall have 10 days from such tender to accept Acceptance by such Holder shall constitute that agreement by such Holder to the terms of subsection C below.

6 Competing Leasehold Mortgage Interests. In the event of multiple Leasehold Mortgages, the cure of defaults under the provisions of subsection C.2 above by any one Holder shall apply as to all such holders. The rights of such Holders, as against each other, to acquire the rights of Lessee or the leasehold estate shall be governed by the priority in time of such Leasehold Mortgages, based on the recording required under subsection B.2 of this Article XI

(a) Foreclosure of a Leasehold Mortgage by the Holder thereof done in accordance with applicable law shall affect the rights of junior Holders accordingly

(b) In the event the Lessee's interest under this Lease is terminated by Lessor by reason of a default, only the most senior Holder shall have the right to acquire the rights of Lessee or the leasehold estate under subsection C.5 above unless such Holder elects not to exercise its rights thereunder, in which event such rights will apply to the next most senior Holder.

7. Approval of Lessor for New Owner/Operator for Leased Premises In the event a Holder of a Leasehold Mortgage acquires the interest of the Lessee by reason of a termination of the Lessee's interest, or by reason of a foreclosure or other acquisition of the leasehold under the terms of a Leasehold Mortgage, or a third party purchases the leasehold interest at a foreclosure sale under the terms of a Leasehold Mortgage, the following shall apply with respect to operation of the premises and assignment of the leasehold estate:

(a) Except for the interim period set out in subsection C 7.(c) below, the operation of the Leased Premises must be undertaken by a Lessee/Operator approved by the Board Approval of such Lessee/Operator shall not be unreasonably withheld and shall be based upon the financial strength of such Lessee/Operator and the ability to operate the leased premises.

(b) The acquiring Leasehold Mortgagee, or third party purchaser (Acquiring Party), shall have a period not to exceed six (6) months from the time they become the Acquiring Party within which to identify a proposed Lessee/Operator and submit such Operator for approval by the Board The Acquiring Party may be identified as the proposed Lessee/Operator. The Board may request such information from the proposed Lessee/Operator as is reasonable for purposes of judging the Lessee/Operator's financial strength and ability to operate the leased premises. Upon submission of a proposed Lessee/Operator to the Board, and the furnishing of the information requested by the Board, the Board shall consider the proposed Lessee/Operator and either accept or reject for cause within ninety (90) days The failure of the Board to act in either accepting or rejecting within such time frame shall constitute an acceptance by the Board In the event the Board rejects a proposed Lessee/Operator, the Acquiring party shall have an additional period not to exceed six (6) months after such rejection within which to identify another proposed Lessee/Operator. In the event no proposed Lessee/Operator is accepted by the board within a period of eighteen (18) months from the date of acquisition by the Acquiring Party, this Lease shall, at the option of the Board, terminate.

(c) During the interim period between acquisition by the Acquiring Party, and transfer of the leasehold estate to an approved Lessee/Operator, (or approval of the Acquiring Party as the Lessee/Operator), the Acquiring Party may not operate the premises or conduct any business thereon other than as is necessary to protect and maintain the improvements and the leasehold estate as required under the lease. During this interim time, all defaults must be cured and the lease must be kept current, provided however, the Acquiring Party shall not be responsible for monetary obligations related to Hazardous Materials (other than for Hazardous Materials brought on the premises or released as a result of the acts of the Acquiring Party) or for any construction, repair or restoration of the Improvements

(d) Upon approval of the Acquiring Party to operate the premises as a Lessee/Operator, the Acquiring Party must assume all existing and future obligations under the lease. If the Acquiring Party transfers to an approved Lessee/Operator for operation, the approved Lessee/Operator must assume all existing and future obligations under the lease, at which time, the Acquiring Party will be released from further obligation under the lease, other than those obligations (excluding any obligations for Hazardous Materials or for

construction, repair or restoration of the Improvements which are excluded under subsection C.7.(c) above) which arose during the Acquiring Party s tenure as the owner of the leasehold estate.

(e) Lessor's approval of the approved Lessee/Operator and the assumption by the approved Lessee/Operator of the existing and future obligations hereunder shall be evidenced by a writing signed by Lessor and the approved Lessee/Operator and such approved Lessee/Operator shall thereafter be vested with all rights of the lessee under this Lease.

(f) If no approved Lessee/Operator is found and the lease terminates as a result, the Acquiring Party is only responsible for those obligations which arose during the Acquiring Party's tenure as the owner of the leasehold estate, provided however, the Acquiring Party shall not be liable for monetary obligations related to Hazardous Materials (other than for Hazardous Materials brought on the premises or released as a result of the acts of the acquiring party)or for any construction, repair or restoration of the Improvements.

(g) In the event a Holder who becomes an Acquiring Party subsequently assigns or transfers its interests under this Lease to an approved Lessee/Operator and in connection with any such assignment or transfer, such Holder takes back a Leasehold Mortgage encumbering such leasehold interest to secure a portion of the purchase price given to such Holder for such assignment or transfer, then such Leasehold Mortgage shall be considered a permitted Leasehold Mortgage, and such Holder shall be entitled to receive the benefit and enforce the provisions of this Article XI and any other provisions of this Lease intended for the benefit of a Holder who holds a Leasehold Mortgage

8. . No Merger. So long as any obligation of Lessee secured by a Leasehold Mortgage remains outstanding, no union of the interests of Lessor and Lessee herein shall result in a merger of this Lease in the fee interest, and no modification of this Lease which affects the rights of a Holder hereunder shall be binding on such Holder unless approved in writing by such Holder.

9 Nominee. Any rights of a Holder under this Article XI may be exercised by or through a nominee, designee or subsidiary of such Holder, provided however, such Holder remains responsible under the terms of this Article XI for the actions of such nominee, designee or subsidiary

ARTICLE XII

PAYMENT OF TAXES, ASSESSMENTS AND OTHER CHARGES

A. Lessee's Obligations. The Lessee shall pay, before any fine, penalty, interest, or cost may be added, become due, or be imposed for nonpayment thereof, the following: all taxes, assessments, water and sewer rents, rates and charges, transit

taxes, charges for public utilities, excises, levies, impact fees, licenses and permit fees and other governmental charges, general and special, ordinary and extraordinary, unforeseen and foreseen, of any kind and nature, which at any time during the term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on, the Leased Premises, or any improvements thereon, or any part thereof or any appurtenance thereto, or otherwise arising out of the rent and income received by the Lessee from subtenants, any use or occupation of the Leased Premises, and such franchises as may be appurtenant to the use of the Leased Premises, or any document (to which the Lessee is a party) creating or transferring an interest or estate in the Leased Premises.

B. **Obligations Altered.** Lessor is exempt from payment of federal and state and local taxes. Nothing herein is intended to effect, cause or evidence a waiver or relinquishment of Lessor's tax exempt status, or an acquiescence to or agreement for any charge or assessment against the Leased Premises not otherwise chargeable against Lessor. Lessee shall pay those charges described in paragraph A above relating to the Leased Premises to the extent properly charged and chargeable. Nothing herein shall require Lessee to pay municipal, state or federal income taxes or other taxes of any nature or kind that may be assessed against the Lessor or Lessor's assigns other than as specifically expressed herein. To the extent that Lessee is exempt from payment of federal, state or local taxes, nothing herein is intended to effect, cause or evidence a waiver or relinquishment of Lessee's tax exempt status, or an acquiescence to or agreement for any charge or assessment not otherwise chargeable against Lessee.

C. **Mode of Payment.** The Lessee shall pay the taxes and other charges enumerated in this Article and deliver to the Lessor official receipts evidencing payment, at least thirty (30) days before the tax or obligation itself would become delinquent in accordance with the then applicable law governing such payments. If, however, the Lessee desires to contest the validity of any tax, tax claim or obligation, it may do so without being in default hereunder, provided it gives the Lessor written notice of its intention to contest the tax, claim or obligation, and also furnishes the Lessor with a bond with a surety made by a surety company qualified to do business in the State of Idaho, or pays cash to a recognized Escrow Agent in Ada County Idaho equal to one hundred sixty percent (160%) of the amount of the tax or obligation it intends to contest, conditioned to pay the tax or obligation when their validity has been determined. The Lessee shall give the Lessor the notice and bond (or cash equivalent) not later than sixty (60) days before the tax, item or obligation it proposes to contest would otherwise become delinquent.

D. **Lessee's Default.** If the Lessee fails, refuses, or neglects to make any payment required in this Article XII, Lessee shall be in default under this Lease. Lessor may elect to make such payment without any obligation to do so However, the Lessor's election to pay such taxes or obligations shall not waive the Lessee's default Lessee shall, upon the Lessor's demand, repay to Lessor the amounts so paid, including reasonable

attorneys' fees and all other expenses reasonably incurred because of or in connection with the payments, together with interest thereon at the Default Rate The Lessor may collect or enforce any payment in the same manner as though it were an installment of rent specifically required by the terms of the Lease to be paid by the Lessee, on the day when the Lessor demands repayment of or reimbursement therefor.

ARTICLE XIII

RELATIONS OF THE PARTIES

A. **Landlord and Tenant Relationship Only – No Holding Out.** It is understood and agreed that neither party shall in any way be considered an agent of the other in the construction, operation or maintenance of any of the facilities situated in or upon the Leased Premises The Lessee covenants to assure the Leased Premises remain free of any lien, judgment, or encumbrance and to immediately satisfy any lien, judgment or encumbrance created or incurred by Lessee against the Leased Premises at its sole and separate expense, subject to its right to contest such encumbrance as aforesaid. Lessee shall not state or imply any relationship between Lessor and Lessee other than that of a landlord and tenant in any promotional materials, advertisements, or other materials of any kind or nature which are circulated to the public to promote or inform the public with respect to Lessee or the WestRock Resort.

B. **Securities Disclaimer.** Lessee shall include a statement in substance containing the following information, subject to the requirements of any applicable State or Federal Securities Laws, Regulations, and/or Compliance Decisions, in a prominent location in any securities offering or selling literature with respect to securities related to the WestRock Resort offered by Lessee or any affiliate of Lessee:

> The company has leased real property from the State of Idaho under the terms and conditions of a written lease agreement. The relationship between the company and the State of Idaho is solely one of landlord and tenant. Prospective investors should not construe the lease agreement between the State of Idaho and the company as an endorsement by the State of Idaho of the securities offered in this document or the WestRock Resort. The State of Idaho does not pass upon the merits of or give its approval to any securities offered in this document or the terms of the offering, nor does it pass upon the accuracy or completeness of this document or any offering circular, memorandum, or other selling literature. Additionally, the State of Idaho has not made an independent determination that the securities offered in this document are in compliance with the requirements of the United States Securities and Exchange Commission or the Idaho Department of Finance.

ARTICLE XIV

LIENS

A. No Lien. The Lessee shall not subject the Leased Premises to any mechanics or material liens or other lien of any kind, except to the extent that the creation of such lien or liens is specifically authorized by a provision in this Lease. Nothing in this Lease shall be deemed to constitute a consent or authorization by Lessor to the creation of any lien or encumbrance, including any mechanic's or materialmen's lien, on Lessor's fee interest in the Leased Premises or any part thereof, to the extent that such lien or encumbrance would not otherwise be allowed without Lessor's consent. Lessor does not consent to any lien or encumbrance, which would be superior to Lessor's fee interest in the Leased Premises. In any event, no lien or encumbrance of any kind or nature shall attach to the Leased Premises in a fashion that survives termination of this Lease.

B. Release of Lien. The Lessee shall not allow a lien or claim of any kind (except for the permitted mortgage referred to in Article XI) to be filed or claimed against the Leased Premises during the continuance of this Lease without Lessor's prior written consent. If such lien is claimed or filed, the Lessee shall cause the Leased Premises to be released from the claim within 30 days after the Lessee is given written notice that a claim has been filed, or within 30 days after the Lessor is given written notice of the claim and transmits written notice of its receipt to the Lessee, whichever 30-day period expires earlier. The Lessee will cause such release either by paying to the court the amount necessary to relieve and release the Leased Premises from the claim, or in any other manner which, as a matter of law, will result, within the 30-day period, in releasing the Lessor and its title from the claim.

ARTICLE XV

LESSOR'S ACCESS, INSPECTION AND AUDIT RIGHTS

A. Lessor's Access. Lessor shall have full and free access to the Leased Premises at all reasonable times for all purposes under this Lease and for purposes of Lessor's management of the Leased Premises. In addition, where lessor has no other reasonable means of access, Lessor shall have access to the Leased Premises to the extent reasonably necessary for management of adjacent property owned by Lessor, which management shall include fire suppression activities. In the same fashion as Lessor's reservations under Article I Section D of this Lease, Lessor's exercise of the access right under this Article XV Section A shall be done in such a fashion as will not materially interfere with this Lease or Lessee's authorized use of the Leased Premises, provided however, the foregoing shall not effect a limitation on actions which the Lessor is required to take under applicable law.

B. **Inspection by Lessor.** Lessee shall permit Lessor or Lessor's authorized agent or designee to enter and inspect the Leased Premises and any improvements at any reasonable time.

C. **Audit Rights.** The Lessor shall have the right to audit, in such a manner and at all reasonable times as it deems appropriate, all activities of the Lessee arising in the course of its undertakings under this Lease. Lessee shall maintain its books, records, documents and other evidence of accounting in accordance with generally acceptable accounting principles so as to properly reflect its business.

ARTICLE XVI

CONDEMNATION

A. **Taking.** The term, "Taking" as used herein means the exercise by any governmental or other permitted authority of the power of eminent domain or the exercise of any similar governmental power and any purchase or other acquisition by such governmental or other permitted authority in lieu of condemnation, including, but not limited to, a voluntary sale, assignment or conveyance of an estate or interest in property in lieu of condemnation, provided that such purchase or other acquisition in lieu of condemnation shall not constitute a taking unless consented to by Lessor and Lessee, which consent may be withheld for any reason or without reason In the event of a Taking, the rights and responsibilities of Lessor and Lessee shall be as hereinafter set forth.

B. **Notice.** In case of a Taking of all or any part of the Leased Premises, or the commencement of any proceedings or negotiations which might result in such Taking, the party receiving notice thereof will promptly give written notice thereof to the other party, generally describing the nature and extent of such Taking or the nature of such proceedings and negotiations and the nature and extent of the Taking which might result therefrom, as the case may be. Lessor and Lessee may each file and prosecute their respective claims for an award, but all awards and other payments on account of a Taking shall be applied pursuant to the terms hereof

C. **Total Taking.** In case of a Taking (other than for temporary use) of the fee of the entire Leased Premises, this Lease shall terminate as of the date of such Taking, unless the taking is subject to this Lease, or any extension or renewal hereof; provided, the termination shall not be deemed to bar or waive Lessee's entitlement to compensation from the taking authority, as otherwise allowed by law and the terms hereof, for the taking. In case of a Taking (other than for temporary use) of such a substantial part of the Leased Premises, as shall result in the Leased Premises remaining after such Taking (even if Restoration were made) being unsuitable for the use contemplated in Article I of this Lease, either Lessor or Lessee may terminate this Lease by written notice to the other given within 60 days after such Taking, as of a date specified in such

notice within 90 days after such Taking, provided, the termination shall not be deemed to bar or waive Lessee's entitlement to compensation from the taking authority, as otherwise allowed by law and the terms hereof, for the taking. Any Taking of the Leased Premises of the character referred to in this section C, which results in the termination of this Lease, is referred to as a "Total Taking." In case of the Taking of the fee of less than the entire Leased Premises which results in the termination of this Lease then the part of the Leased Premises not so taken or condemned shall remain vested in Lessor and Lessee's obligations with respect to reclamation of such property shall survive the termination of this Lease

D. Partial Taking. In case of a Taking of the Leased Premises other than a Total Taking:

1. This Lease shall remain in full force and effect as to the portion of the Leased Premises remaining immediately after such Taking. Scheduled Rent and Base Rent shall be adjusted equitably based upon the partial taking. Percentage Rent and other sums payable hereunder shall not abate; and

2 Lessee, whether or not the awards or payments, if any, on account of such Taking shall be sufficient for the purpose, at its expense, will promptly commence and complete, subject to Unavoidable Delays, Restoration of the Leased Premises as nearly as possible to its value, condition and character immediately prior to such Taking (hereinafter "Restoration"), except for any reduction in area caused thereby, provided that, in case of a Taking for temporary use, Lessee shall not be required to effect Restoration until such Taking is terminated

E. Application of Awards and Other Payments. Awards and other payments on account of a Taking shall be applied as follows:

1. Partial Taking. Awards and payments received on account of a Taking other than a Taking for temporary use or a Total Taking shall be held and applied:

(a) First to Lessor in an amount equal to the value of the fee interest taken from Lessor,

(b) Second to pay the cost of Restoration of the Leased Premises, such application to be made substantially the same manner as insurance proceeds under Article V of this Lease; and

(c) Third, to Lessee, subject to any applicable Leasehold Mortgage, in an amount equal to the value of the Improvements taken from Lessee; and

(d) Fourth, the balance, if any, shall be divided between Lessor and Lessee in the ratio, as nearly as practicable, which (i) the then value of Lessor's interest in the taken portion of the Leased Premises to the extent not

compensated under (a) above (including its interest hereunder) bears to (ii) the then value of Lessee's interest in the taken portion of the Leased Premises for the remainder of the Lease Term to the extent not compensated under (c) above

2. Taking for Temporary Use. Awards and payments received on account of a Taking for temporary use shall be treated as Gross Receipts (except any portion applied to Restoration) and, after adjustment for avoided costs, shall be added to any other Gross Receipts of Lessee for the applicable period Such award shall be held and applied, first, to the payment of any and all Rent becoming due hereunder and second, to the Lessee, until such Taking for temporary use is terminated and Restoration, if any, has been completed, provided that, if any portion of any such award or payment is made by reason of any damage to or destruction of the Leased Premises, such portion shall be held and applied as provided for Restoration thereof The balance, if any, of such awards and payments shall, unless Lessee is in default hereunder, be paid to Lessee.

3. Total Taking. Net awards and payments received on account of a Total Taking shall be allocated, in order of priority as follows:

(a) First, to Lessor in an amount equal to the value of the fee interest taken from the Lessor, and

(b) Second, to Lessee, subject to any applicable Leasehold Mortgage, to Lessee in an amount equal to the value of the Improvements taken from Lessee; and

(c) Third, the balance, if any, shall be divided between Lessor and Lessee in the ratio, as nearly as practicable, which (i) the then value of Lessor's interest in the taken portion of the Leased Premises to the extent not compensated under (a) above (including its interest hereunder) bears to (ii) the then value of Lessee's interest in the taken portion of the Leased Premises for the remainder of the Lease Term to the extent not compensated under (b) above

4. Leasehold Mortgagee Rights. In the event that Lessee's interest under this Lease is subject to any Leasehold Mortgage, the holder of such Leasehold Mortgage may participate in the Taking proceedings to the extent of its interest, and all amounts payable to Lessee (other than amounts payable for Restoration) shall be subject to the rights of the holder of such Leasehold Mortgage.

5. Lessee's Separate Claims. Lessee may maintain separate claims which may include, but not necessarily be limited to claims for the value of any of Lessee's trade fixtures, or other property not included within Improvements, if taken by the condemning authority and for reimbursement or allowance for expenses in connection with the interruption, moving and/or relocation of Lessee's business and/or property.

F. **Award if Lessee in Default.** Notwithstanding the foregoing, if at the time of any Taking or at any time thereafter, Lessee shall be in default under this Lease and such default shall be continuing, Lessor is hereby authorized and empowered, in the name and on behalf of Lessee and otherwise, to file and prosecute Lessee's claim, if any, for an award on account of any Taking and to collect such award and apply the same, after deducting all costs, fees and expenses incident to the collection thereof, to the curing of such default and any other then existing default under this Lease

ARTICLE XVII

INDEMNIFICATION

Lessee shall indemnify, defend and save harmless the Lessor, the State of Idaho, its officers, agents and employees from and against any liability, claims, damages, losses, debts, obligations, judgments, expenses or actions, including reasonable attorneys' fees (hereinafter "Indemnifying Occurrence"), caused by or arising out of any act or omission of Lessee, or Lessee's agents, employees or invitees, or any act or omission arising out of or connected with the use or occupation of the Leased Premises under this Lease; or arising from the Lessee or Lessee's agents, or employees failure to comply with any applicable state, federal, local, law, statute, rule, regulation or act. Lessor shall promptly provide Lessee with written notice upon the discovery of any such Indemnifying Occurrence, together with access to all documents in Lessor's possession which pertain to the matter. If it becomes necessary for the Lessor to defend any action seeking to impose any such liability, the Lessee will pay the Lessor all costs of court and attorneys' fees incurred by the Lessor in effecting such defense in addition to all other sums that the Lessor may be called upon to pay by reason of the entry of a judgment against it in the litigation in which such claim is asserted. This indemnification shall survive the termination or expiration of this Lease. In the event that, after receiving such notice, Lessee fails to indemnify, defend, and/or hold Lessor harmless, in contravention of this Article XVII, Lessor shall have the option to immediately terminate this agreement, without liability. Nothing in this agreement to indemnify and defend shall be deemed a waiver of Lessor's rights to third party indemnification against Lessee where appropriate.

ARTICLE XVIII

SAFETY AND SANITARY REQUIREMENTS – ENVIRONMENTAL COVENANTS

A. **Garbage, Litter, Sewage.** Lessee shall keep the Leased Premises at all times in a clean and sanitary condition, free of trash, noxious weeds, garbage, and litter, to the end that the premises shall be maintained in as nearly a natural state as possible in light of its intended use. Lessee shall not dispose of sewage except in conformity with applicable federal, state, and local laws and rules, and shall comply with all applicable sanitation laws and regulations Lessor may require Lessee to furnish a certificate or other satisfactory proof of compliance with such laws and regulations. Lessee shall not

dispose of garbage or trash except in conformity with all applicable laws and regulations. Lessee shall be responsible for all costs associated with sewage, garbage and litter disposal

B. **Fire Safety.** The Lessee agrees to comply with the state laws and regulations of the Director, Department of Lands, for fire protection and prevention. Burning of garbage and household trash is prohibited. Burning of wood, except for wood burning in fireplaces and wood burning stoves which comply with all applicable laws, and other debris requires permission of the Lessor. All burning must be conducted under applicable federal, state, and local laws and ordinances

C. **Environmental Covenants.**

1. Hazardous Substances. Lessee will not cause or permit any Hazardous Substance to be brought upon, kept, used or generated by Lessee, its agents, employees, contractors or invitees, in the operation of the Project, unless the use or generation of the Hazardous Substance is necessary for the prudent operation of the Project and no functional and reasonably economic nonhazardous substance or process which does not generate Hazardous Substances can be used in place of the Hazardous Substance or the process which generates the Hazardous Substances. Other than for maintenance of inventories necessary for the prudent operation of the Project, Lessee will not cause or permit long-term storage of Hazardous Substances on the Leased Premises.

2. Environmental Laws. With respect to the Leased Premises Lessee will at all times and in all respects comply with all Environmental Laws. Lessee's duty of compliance with Environmental Laws includes, without limitation, the duty to undertake the following specific actions:

a. Lessee will, at its own expense, procure, maintain in effect, and comply with all conditions of any and all Governmental Approvals required by all Environmental Laws, including, without limitation, permits required for discharge of appropriately treated Hazardous Substances into the ambient air or any sanitary sewers serving the Project; and

b. Except as discharged into the ambient air or a sanitary sewer in strict compliance with all applicable Environmental Laws, any and all Hazardous Substances to be treated and/or disposed by Lessee from the Leased Premises will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal.

3. Compliance with Vegetation Management and Erosion Control Plan. Lessee shall at all times comply with the terms and conditions of the approved Vegetation Management and Erosion Control Plan.

4. Water Quality Maintenance In all events, and irrespective of whether or not addressed in the approved Vegetation Management and Erosion Control Plan, Lessee shall not allow the operations of the Ski Hill or the Golf Course, whether such operations occur on the Leased Premises or on other portions of the Ski Hill or the Golf Course to cause increased pollutant loading into the waters of Lake Cascade or waters on the Leased Premises Pollutant loading shall include, without limitation, sediment loading, nutrient loading (including nutrients applied onto the Ski Hill or the Golf Course and nutrients naturally occurring on the Ski Hill or the Golf Course), phosphorous pesticides, and any Hazardous Substance.

ARTICLE XIX

LESSEE'S DEFAULT AND LESSOR'S REMEDIES

A. **Default by Lessee**. Lessee shall be in default hereunder if any one or more of the following occurs:

1. Lessee fails to pay when due any installment of Rent, or any other sum due hereunder;

2. Lessee fails to observe or perform any other of the covenants, agreements, conditions or undertakings herein contained to be kept, observed and performed by Lessee under this Lease when the same become due;

3. Proceedings in bankruptcy or for liquidation, reorganization or rearrangement of Lessee's affairs are instituted by or against the Lessee;

4. A receiver or trustee is appointed for all or substantially all of the Lessee's business or assets;

5. A trustee is appointed for Lessee after a petition has been filed for Lessee's reorganization under the United States Bankruptcy Code, or if this Lease be rejected under §365 of the United States Bankruptcy Code;

6. Lessee shall make an assignment for the benefit of its creditors; or

7. Lessee shall vacate or abandon the Leased Premises, including a cessation of the operations contemplated under the Development Plan for a period of more than eighteen (18) consecutive months

B. **Notice of Default and Time for Lessee to Cure.**

1. As to any failure referred to in A.1. above, Lessee shall be allowed 15 days from the date of notice thereof to effect a cure by payment in full of such Rent or other sum due hereunder.

2. As to any failure referred to in A 2. above Lessee shall be allowed the period specified in this Lease for cure, or if no period is specified, Lessee shall be allowed 30 days from the date of notice thereof to effect a cure, provided however, in the case of any curable failure referred to in A.2. above which cannot with diligence be cured within the applicable cure period, if Lessee shall commence to cure within the applicable cure period and thereafter to prosecute continuously to complete the curing of such failure with diligence, the time within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with diligence

3. As to an occurrence of any event described in A 3, 4, or 5 above, but only if such is the result of action brought against Lessee and without Lessee's concurrence, Lessee shall be allowed a period of 60 days from the commencement of proceedings to have the same dismissed and any receiver or trustee appointed thereunder discharged

4. All default and grace periods shall be deemed to run concurrently and not consecutively.

C. **Lessor's Remedies.** In the event of any default by Lessee, if not cured within the applicable cure period, Lessor, at its election, may enforce, by judicial action or otherwise, any one, or any combination, of any and all remedies available at law or in equity, or without limitation of any such remedies, any one, or any combination, of the following:

1. Lessor may terminate this Lease, re-enter upon all or any part of the Leased Premises, either with or without process of law, (Lessee hereby waiving any demand for possession) and remove Lessee and any persons or property from the Leased Premises, and the rent shall become due thereupon and be paid up to the time of such re-entry, dispossession and/ or termination;

2 Lessor may re-let the Leased Premises or any part or parts thereof, either in the name of Lessor or otherwise, for a term or terms, which may at Lessor's option be less than or exceed the period which would otherwise have constituted the balance of the term of this Lease and may grant concessions or free rent or charge a higher rental than that in this Lease; and/or

3. Lessor may collect from Lessee damages for the failure of Lessee to observe and perform said Lessee's covenants herein contained, and any deficiency between the rent hereby reserved and/or covenanted to be paid under this Lease, and the net amount, if any, of the rents collected on account of the lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this Lease

D. **Failure to Re-let – Calculation and Payment of Damages.** The failure of Lessor to re-let the Leased Premises or any part or parts thereof shall not release or affect Lessee's liability for damages In computing such damages there shall be added

to the said deficiency such expenses as Lessor may incur in connection with re-letting, such as legal expenses, reasonable attorneys' fees, brokerage, advertising and for keeping the Leased Premises in good order or for preparing the same for re-letting Any such damages shall be paid by Lessee on the rent day specified in this Lease and any suit brought to collect the amount of the deficiency for any rent period shall not prejudice in any way the rights of Lessor to collect the deficiency for any subsequent rent period by a similar proceeding. Lessor, in putting the Leased Premises in good order or preparing the same for re-rental may, at Lessor's option, make such alterations, repairs, replacements, and/or decorations in the Leased Premises as Lessor, in Lessor's sole judgment, considers advisable and necessary for the purpose of re-letting the Leased Premises, and the making of such alterations, repairs, replacements, and/or decorations shall not operate or be construed to release Lessee from liability hereunder as aforesaid Lessor shall in no event be liable in any way whatsoever for failure to re-let the Leased Premises, or in the event that the Leased Premises are re-let, for failure to collect the rent thereof under such re-letting, and in no event shall Lessee be entitled to receive any excess, if any, of such net rents collected over the sums payable by Lessee to Lessor hereunder provided, such excesses shall be applied as a credit against any subsequent deficiency for which Lessee would be liable under the terms of this Lease In the event of a breach or threatened breach by Lessee of any of the covenants or provisions hereof, Lessor shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this Lease of any particular remedy, shall not preclude Lessor from any other remedy, in law or in equity. Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Lessee being evicted or dispossessed for any cause, or in the event of Lessor obtaining possession of Leased Premises, by reason of the violation by Lessee of any of the covenants and conditions of this Lease, or otherwise

ARTICLE XX

CIVIL RIGHTS

The Lessee shall comply with all laws prohibiting discrimination against any person on the basis of race, creed, color, sex, national origin or disability.

ARTICLE XXI

NOTICES

Any notice given in connection with the lease shall be given in writing and shall be delivered either by hand to the other party or by certified mail, return receipt requested, to the other party at the other party's address stated herein. Either party may change its address stated herein by giving notice of the change in accordance with this paragraph

Until changed by notice in writing, notice, demands and communications shall be addressed as follows:

Lessor
Idaho Department of Lands
954 W. Jefferson St.
P.O. Box 83720
Boise, ID 83720-0050

Lessee
WestRock Associates LLC
8671 Wilshire Blvd., Suite 700
Beverly Hills, CA 90211

With copy to:
Steven J. Millemann
Millemann, Pittenger, McMahan
& Pemberton, LLP
P O. Box 1066
McCall, ID 83638

Notice personally delivered will be effective upon delivery to an authorized representative of the party at the designated address. Notice sent by mail or courier in accordance with the above will be effective upon receipt or upon the date the party refuses to accept receipt, or the date upon which such notice is returned to sender as undeliverable The providing of copies of notices to the parties' respective counsel is for information purposes only and shall not constitute notice to the parties unless notice has also been given to the parties as above provided.

Notice may be executed by the Party, or by an authorized agent thereof, who shall include, but shall not necessarily be limited to, the Parties' attorneys. The provisions with respect to the form, nature and depositing of notices as set forth in this Section shall further apply to any notices to be given to any Leasehold Mortgagee.

Whenever pursuant to a provision of this Lease the approval, consent, or other action of a party will be deemed to be given or taken or a determination will become final and binding within a period of time, the item submitted or request for action shall be made in writing to such party and shall be accompanied by written notice stating prominently that it is being submitted or requested pursuant to a provision of this Lease identified in such notice and stating that such item will be deemed approved or that a specified action will be deemed taken or a determination will become final and binding within an identified period of time (as specified by such Lease provision) unless objection is made or other action taken within the time stated in such notice. No approval, consent or other action of a party shall be deemed given or taken nor will a determination become final and binding under any term of this Lease providing therefore unless the requirements of this paragraph are met.

ARTICLE XXII

ATTORNEY FEES AND COSTS

In the event either party to this Lease shall institute a lawsuit of any kind under this Lease or action is taken by either party to obtain performance of any kind under this Lease, the unsuccessful party to such litigation agrees to pay to the prevailing party all costs and expenses, including reasonable attorneys fees, accountants fees and appraisers fees and fees of other experts, incurred therein by the prevailing party, including all such costs and expenses incurred with respect to an appeal and such maybe included in the judgment entered in such action.

ARTICLE XXIII

MISCELLANEOUS

A. **No Authority To Bind Lessor.** The Lessee has no authority to enter into contracts or agreements on behalf of the Lessor. This Lease does not create a partnership between the parties and nothing contained herein shall be interpreted to create an employer-employee, master-servant, a joint venture, or principal-agent relationship between the Lessor and Lessee in any respect.

B. **Non-waiver.** No waiver of a breach of any covenant in this Lease shall be construed to be a waiver of any succeeding breach of the same covenant. No delay or failure by either party to exercise any right under this Lease, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

C. **Modification.** No change, modification, or waiver of any term of this Lease shall be valid unless it is in writing and signed by both the Lessor and Lessee.

D. **Entire Agreement.** This Lease constitutes the entire agreement between the parties and supersedes all prior agreements or understandings between the Lessor and the Lessee.

E. **Officials, Agents, And Employees Of Lessor Not Personally Liable.** It is agreed by and between the parties hereto that in no event shall any official, officer, employee, or agent of the State of Idaho be in any way liable or responsible for any covenant or agreement herein contained, whether expressed or implied, nor for any statement, representation or warranty made herein or in any way connected with this Lease. In particular, and without limitation of the foregoing, no full-time or part-time agent or employee shall have any personal liability or responsibility hereunder, and the sole responsibility and liability for the performance of this Lease and all of the provisions and covenants herein contained shall rest in and be vested with the State of Idaho.

F. **Headings.** The paragraph headings have been inserted for convenience solely and are not to be considered when interpreting the provisions of this Lease.

G. **Counterparts.** This Lease may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

H. **Complete Statement of Terms.** No other understanding, whether oral or written, whether made prior to or contemporaneously with this Lease, shall be deemed to enlarge, limit or otherwise affect the operation of this Lease

I. **Binding on Successors.** It is understood and agreed that all terms, covenants, and conditions hereof shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of the parties

J. **Force Majeure.** If the Lessor or Lessee is delayed, hindered, or prevented from performing any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive government laws or regulations, riots, insurrection, the act, failure to act or default of the other party, war, or other reason beyond its control, (other than Lessee's financial condition) then performance of the act shall be excused for the period of the delay. In that event, the period for the performance of the act shall be extended for a period equivalent to the period of the delay.

K. **Estoppel Certificates.** Either party shall, without charge, at any time and from time to time hereafter, within ten days after the others' written request of the other, certify by instrument duly executed and acknowledged to any mortgagee, assignee or sublessee or proposed mortgagee, assignee or sublessee as to:

1 Whether this Lease has been supplemented or amended, and, if so, the substance and manner of the supplement or amendment;

2. The validity and force and effect of this Lease, in accordance with its tenor as then constituted, including the status of rent payments;

3 The existence of any default thereunder known to such party;

4. The existence of all offsets, counterclaims, or defenses thereto on the part of the other party; and,

5. The commencement and expiration dates of the term of this Lease

Any such certificate may be relied upon by the party who requested it and any other person, firm, or corporation to whom it may be exhibited or delivered, and the contents of the certificate shall be binding on the party executing it, provided however, Lessor's obligation to so certify shall be only to the extent such mortgage, assignment or sublease has been approved by Lessor. The failure to execute and deliver such certificate within the required time frame shall constitute a representation to such approved mortgagee, assignee or sublessee that this Lease has not been supplemented or amended other than as represented by the requesting party, this Lease is in force and effect, in accordance with its tenor as represented by the requesting party, there exists no default thereunder known to such party, there are no offsets, counterclaims, or defenses thereto on the part of the other party, and the commencement and expiration dates of the term of this Lease are as represented by the requesting party.

L. **Recordation.** This Lease (or at Lessor's option, a summary thereof) shall be recorded in the real property records of Valley County.

M. **Impossibility.** In the event that any final judicial construction of law, ordinance, regulation, zoning change or other governmental or administrative rule or restriction exist or hereafter be enacted that would prohibit Lessee from constructing the Improvements as contemplated herein, or otherwise make it impossible for Lessee to carry out the purposes of this Lease, Lessee shall notify the Lessor in writing of Lessee's intent to terminate this Lease and all obligations hereunder to pay rent or to perform any of the covenants or conditions of this Lease shall cease except the obligation to indemnify Lessor In the event of the reasons, occurrences or causes set forth above in this Section which prevent Lessor from carrying out the purposes of this Lease, Lessor shall notify Lessee in writing of Lessor's intent to terminate this Lease and all obligations hereunder shall cease.

N. **Joint Liability.** If the Lessee consists of more than one person, such persons shall be jointly and severally liable on the covenants of this Lease.

O. **Execution of Documents.** The Parties agree that they shall sign or cause to be signed all documents necessary to the effectuation of this Lease or any of the provisions herein.

P. **Warranty.** Lessor warrants that it has the power and authority to enter into this Lease and that the execution, delivery of this Lease and the performance of the contractual obligations set forth herein are not in violation of any federal, state, local statute, ordinance, rule or regulation and that no consents not already obtained are required. Lessor further warrants that Lessor has good and marketable title to the property described in Attachment B, subject to the existing laws and constitutional provisions of the State of Idaho and all existing rules and regulations promulgated by the State of Idaho, free and clear of all liens and encumbrances. Lessee warrants it has the power and authority to enter into this Lease.

Q. **Liability Continued.** All references to the Lessor and Lessee mean the persons who, from time to time, occupy the positions, respectively, of Lessor and Lessee. However, this shall not be construed as relieving a person of any liability incurred by reason of or in connection with it having been Lessor or Lessee at one time.

R. **Severability.** In the event any provision of this Lease shall be held invalid or unenforceable according to law, the validity, legality or enforceability of the remaining provisions and the application thereof shall not in any way be affected or impaired.

S. **Time of Essence.** Time is expressly declared to be of the essence of this Lease.

T. **Default Rate.** Any sums owing hereunder and not paid within ten (10) calendar days after the date when such sums are due shall bear interest at the rate set forth in Idaho Code § 67-2302(7) or any successor section (the "Default Rate"). Payment of such interest shall not excuse or cure any default under this Lease.

ATTACHMENT B – LEASED PREMISES

LEGAL DESCRIPTION FOR WESTROCK LEASE
Valley County, Idaho
(acreages are approximate)

	Golf Course Parcel	Acreages
	The following parcels in Section 8, T15N, R3E • W½ NE¼NE¼, (20 acres) • NW¼NE¼, (40 acres)	60.00 acres
	Ski Hill Parcel	
1	All of Section 36, T16N, R2E	640.00 acres
2	The following parcels in Section 19, T16N, R3E • NW¼SW¼SE¼, (10 acres) • S½SW¼SE¼, (20 acres) • E½SW¼, (80 acres) • Gov't Lot 9 (NWSW), (38.27 acres) • Gov't Lot 11 (SWSW), (38.22 acres)	186.49 acres
3	The following parcels in Section 30, T16N, R3E • NW¼NE¼, (40 acres) • S½NE¼, (80 acres) • E½W½, (160 acres) • Gov't Lots 1-4 (W½W½), (154.40 acres) • SE¼, (160 acres)	594.40 acres
4	All of Section 31, T16N, R3E	643.10 acres
	Total	2,123.99 acres

Attachment B to Lease

Description of Leased Premises

Exhibit A

Legend:
Proposed Ski Trails
Proposed Roads
Proposed Buildings
Existing Trails
Existing Roads
Proposed Hiking Trail
North
SUMMIT CENTER
SNOWMOBILE GARAGE
SNOWMAKING RESERVOIR
SKI PATROL FACILITY
OPERATIONS BUILDING
MID-MOUNTAIN RESTAURANT
MID-MOUNTAIN PUMP HOUSE
GONDOLA
LIFT 6
LIFT 7
LIFT 8
LIFT 9
LIFT 10
LIFT 11
LIFT 12
LIFT 13
LIFT 14
LIFT 15
LIFT 16
LIFT 17
LIFT 18
VIEW FEATURE
SNOWMAKING SYSTEM CONTROL BUILDING
VILLAGE
TOTTENHAN-ORTON ENGINEERING COMPANY
SE GROUP
WestRock Resort
Components on State
of Idaho Lands
Mountain Master Plan

Exhibit A

I:\00094\2 _ 3 Slate Lease\ACADDWG\SE Revised Plat Files\ UP PHASING PLAN.DWG, 07-Feb-02 07:24:48, a

Exhibit A

Exhibit A

I:\00094\2(, State Lease\ACADDWG\SE Revised Plot Files\6 Snowmaking Plan.DWG, 05-Feb-02 16:19:20, J

Exhibit A

I:\00094\3 6 State Lease\ACADDWG\SE Revised Plot Files\ Trail Prescriptions.DWG, 05-Feb-02 16:19:58,

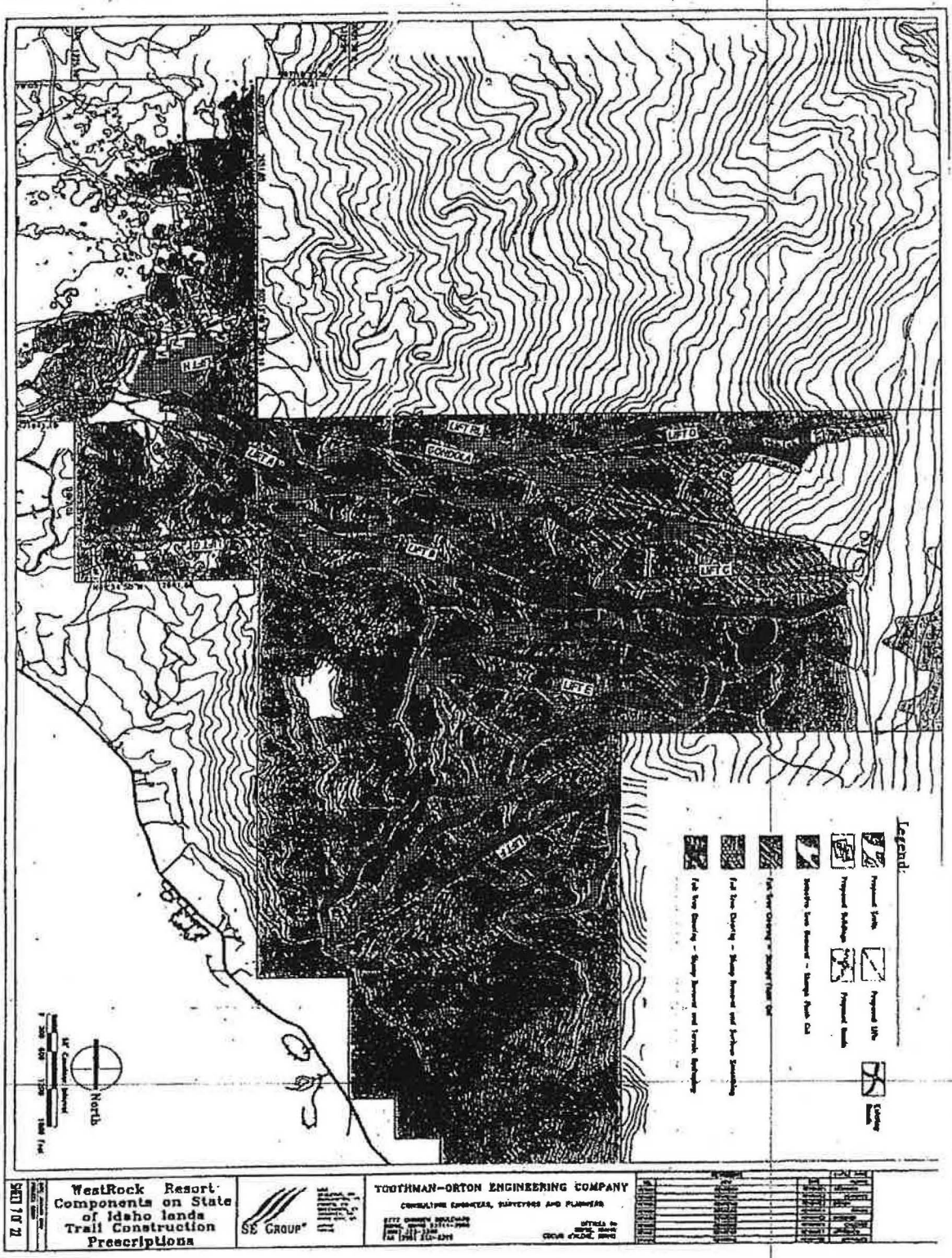


Exhibit A

I:\00094\2C ... Slate Lease\ACADDWG\SE Revised Plot Files\E ... UTILITY PLAN.DWG, 05-Feb-02 16:24:29, JTW

WestRock Resort Components on State of Idaho Lands Mountain Utility Plan

SE GROUP

TOOTHMAN-ORTON ENGINEERING COMPANY

CONSULTING ENGINEERS, SURVEYORS AND PLANNERS

SHEET 1 OF 22

Exhibit A

I:\00094\2 . . 6 State Lease\ACADDWG\SE Revised Plot Files\E . . Erosion Control Overall.DWG, 05-Feb-02 16:24 . . JTW

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Exhibit A

I:\0009+\2 6 State Lease\ACADDWG\SE Revised Plot Files\ 5 CUP TERMINAL GRADING.DWG, 05-Feb-02 16:3 JTW

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A Lift Bottom Terminal

A Lift Top Terminal

B Lift Bottom Terminal

B Lift Top Terminal

MEXICAN RESTAURANT

5' Contour Interval
Using Existing Ground Survey

0 15 30 60 120 Feet

North

WestRock Resort
Components on State of Idaho Lands
Lift Terminal
Preliminary Grading Plan

SE GROUP

TOOTHMAN-ORTON ENGINEERING COMPANY
CONSULTING ENGINEERS, SURVEYORS AND PLANNERS

Exhibit A

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Exhibit A

Exhibit A

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G Lift Bottom Terminal

G Lift Top Terminal

Gondola Top Terminal

SUMMIT CENTER

GONDOLA

Mid-Mountain Restaurant

MID-MOUNTAIN RESTAURANT

5' Contour Interval

WestRook Resort Components on State of Idaho Lands Lift Terminal Preliminary Grading Plan

SE GROUP

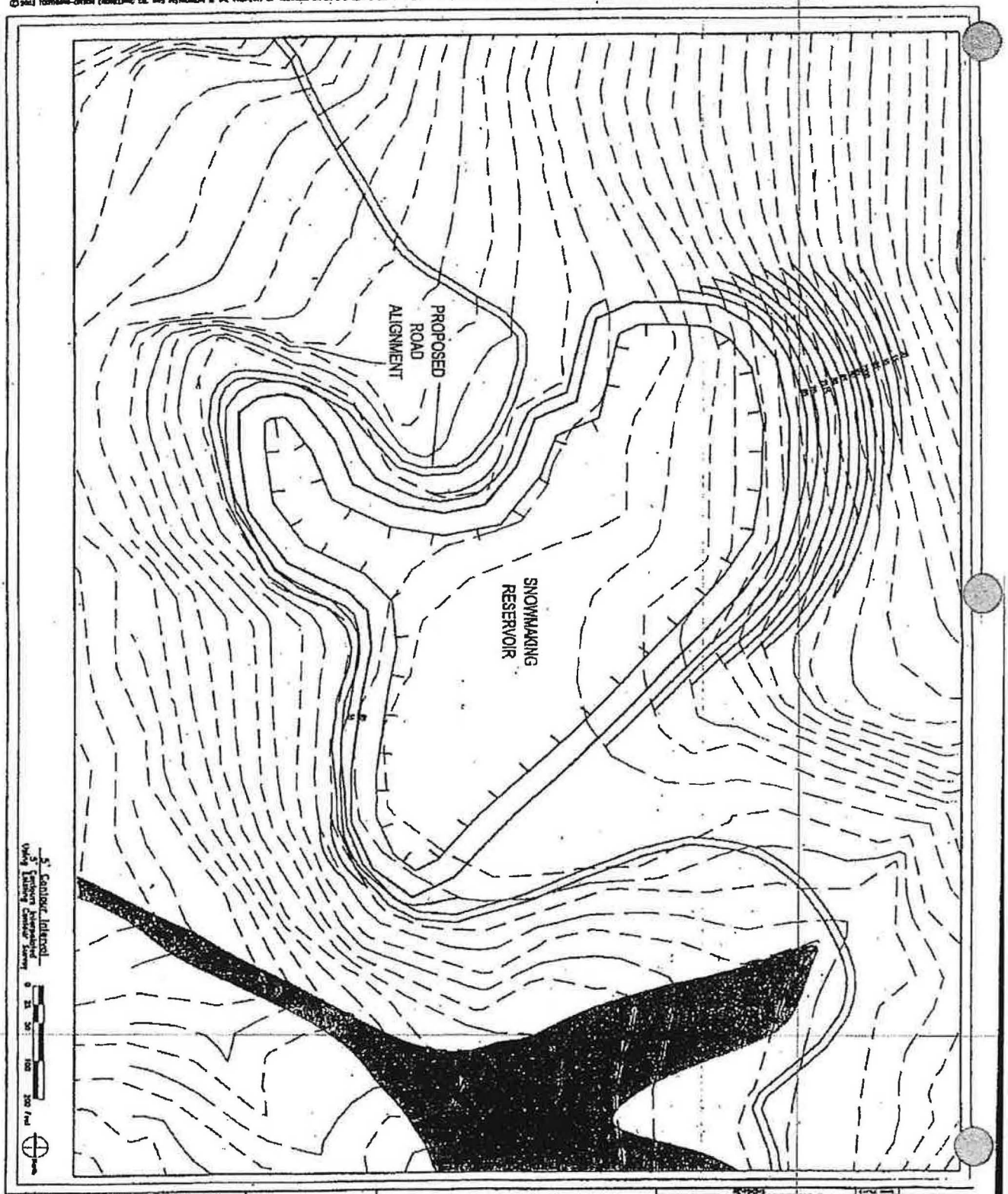
TOOTHMAN-ORTON ENGINEERING COMPANY

CONSULTING ENGINEERS, SURVEYORS AND PLANNERS

Exhibit A

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SHEET 15 OF 22

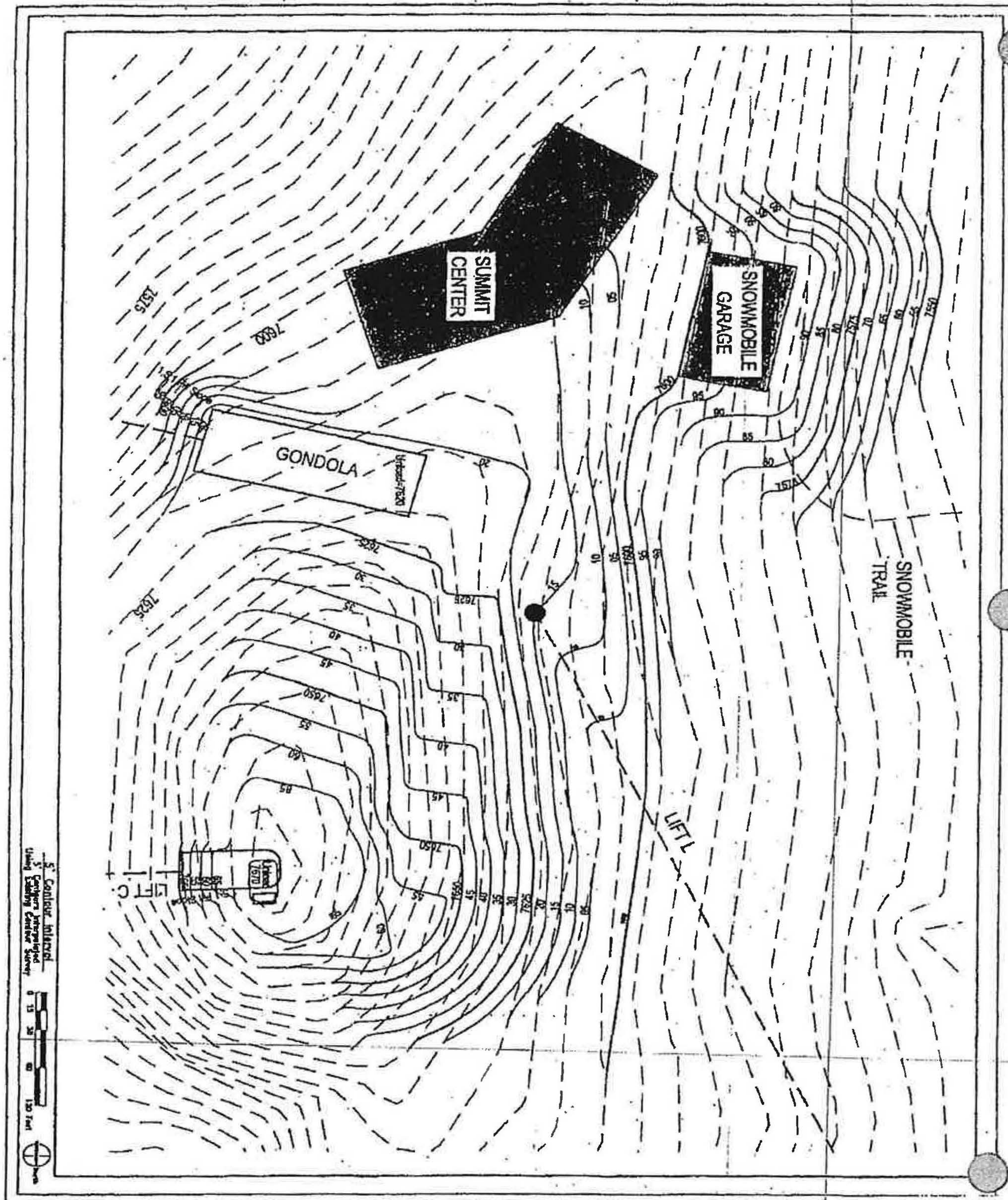
WestRock Resort
Components on State of Idaho Lands
Snowmaking Reservoir
Preliminary Grading Plan

SE GROUP

TOOTHMAN-ORTON ENGINEERING COMPANY
CONSULTING ENGINEERS, SURVEYORS AND PLANNERS

I:\00094\2 6 State Lease\ACADDWG\SE Revised Plot Files\ 5 CUP TERMINAL GRADING.DWG, 05-Feb-02 16:3 JTW

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WestRock Resort
Components on State
of Idaho Lands
Summit Area
Preliminary Grading Plan

SE GROUP

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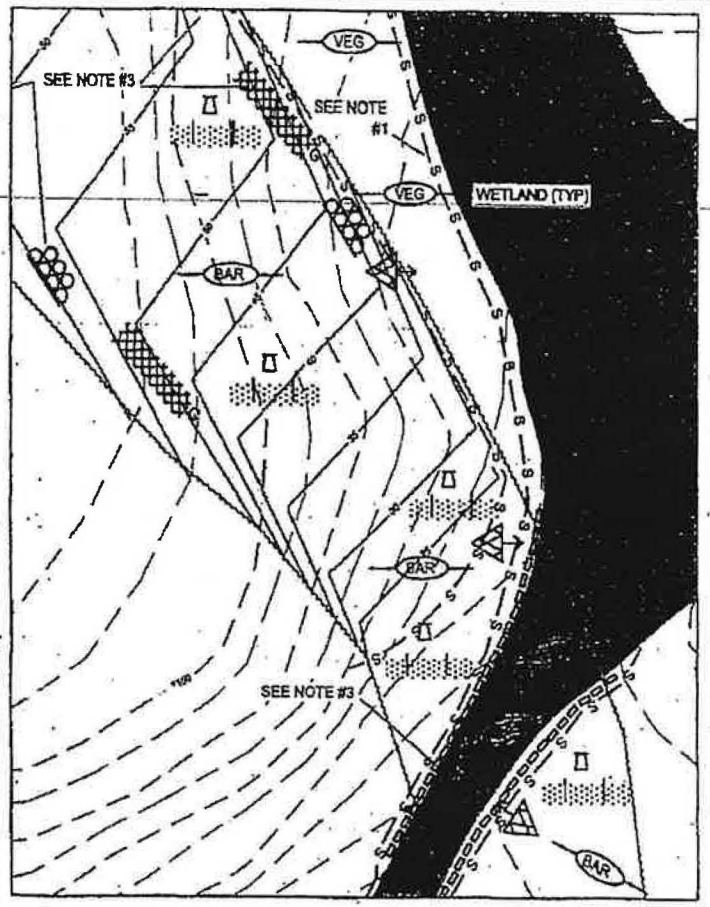
SHEET 16 OF 22

Weatherock Resort
CUP Components
Typical Erosion
Control
SE GROUP
TOOTHMAN-ORTON ENGINEERING COMPANY
CONSULTING ENGINEERS, PORTLAND AND PLANNERS
CU 1 CULVERT CROSSING (TYP.)
Scale: 1"= 30'- 0"
CU 2 CULVERT CROSS-SECTION (TYP.)
NOT TO SCALE
BR 1 BRIDGE CROSSING (TYP.)
Scale: 1"= 30'- 0"
BR 2 BRIDGE CROSS-SECTION (TYP.)
NOT TO SCALE
SKI RUN FINISHED GRADE
RETAINING STRUCTURE
STRUCTURE TO COMPLETELY SPAN WETLAND - NO IMPACT
WETLAND
SLOPE 1:1.5 EROSION CONTROL
WETLAND IMPACT AREA
CULVERT SIZE AS REQUIRED BY ENGINEER
FILL AREA
2%-5% SLOPE
SUB-GRADE
EROSION CONTROL KEY
MULCHING
SEEDING
RIP RAP SLOPE PROTECTION
STRAW BALE PLACEMENT
WATER BAR PLACEMENT
OUTLET PROTECTION
SEDIMENT TRAP
MATTING
CLEARING LIMITS
SILT FENCE
CLEARING BY HAND
NOTES:
1) SILT FENCE TO BE INSTALLED ALONG STREAM/WETLAND BELOW ALL FILL SLOPES. STRAW BALES TO BE INCLUDED WHEN FILL SLOPE IS LESS THAN 20 FEET FROM STREAM/WETLAND.
2) CUT SLOPES TO BE PROTECTED WITH MATTING, UNLESS RIP RAP SLOPE PROTECTION IS REQUIRED.
FILL SLOPES TO BE PROTECTED WITH MATTING AND RIP RAP SLOPE PROTECTION.
3) SKI TRAIL NARROWS AT STREAM/WETLAND CROSSING AND CROSSED AT NEAR PERPENDICULAR TO MINIMIZE VEGETATION REMOVAL.
4) ALL VEGETATION CLEARING IN STREAM/WETLANDS TO BE CONDUCTED BY HAND, (NO HEAVY MACHINERY IN STREAM/WETLAND AREAS) UNLESS IMPACTS ARE PERMITTED. TREES TO BE FLUSH-CUT WITH NO SOIL DISTURBANCE AND BRUSH REMOVED VEGETATION TO REMAIN TO THE EXTENT POSSIBLE.
5) SEDIMENT TRAP TO BE LOCATED AT OUTLET OF WATERBAR AT THE EDGE OF CLEARING.
SEDIMENT TRAP OUTLET TO DRAIN TO UNDISTURBED UPLAND.
6) ROADSIDEWAY TO BE OUTSLOPED AT 2 %-5% GRADE. SIDEWAY SURFACE TO BE MULCHED AND SEEDED, ROAD SURFACE TO BE PROTECTED BY WATERBARS OR CROWN DIPS.
5' Contour Interval
Using Existing Contour Survey
SKI TRAIL ROAD EDGE
CULVERT
SECTION
BAR
AREA OF DISTURBANCE
WETLAND IMPACT AREA
SEE NOTE #3
SEE NOTE #1
6000
5900
SEE NOTE #1
SECTION
BAR
SEE NOTE #1
SKI RUN FINISHED GRADE
RETAINING STRUCTURE
STRUCTURE TO COMPLETELY SPAN WETLAND - NO IMPACT
WETLAND
SLOPE 1:1.5 EROSION CONTROL
WETLAND IMPACT AREA
CULVERT SIZE AS REQUIRED BY ENGINEER
FILL AREA
2%-5% SLOPE
SUB-GRADE
EROSION CONTROL KEY
MULCHING
SEEDING
RIP RAP SLOPE PROTECTION
STRAW BALE PLACEMENT
WATER BAR PLACEMENT
OUTLET PROTECTION
SEDIMENT TRAP
MATTING
CLEARING LIMITS
SILT FENCE
CLEARING BY HAND
NOTES:
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6) ROADSIDEWAY TO BE OUTSLOPED AT 2 %-5% GRADE. SIDEWAY SURFACE TO BE MULCHED AND SEEDED, ROAD SURFACE TO BE PROTECTED BY WATERBARS OR CROWN DIPS.
5' Contour Interval
Using Existing Contour Survey
SHT 17 OF 22
i:\0009x\2 - 3 Slote Lease\ACADDWG\SE Revised Plot Files\ JP TYP EROSION CONTROL.DWG, 05-Feb-02 16:1 JTW

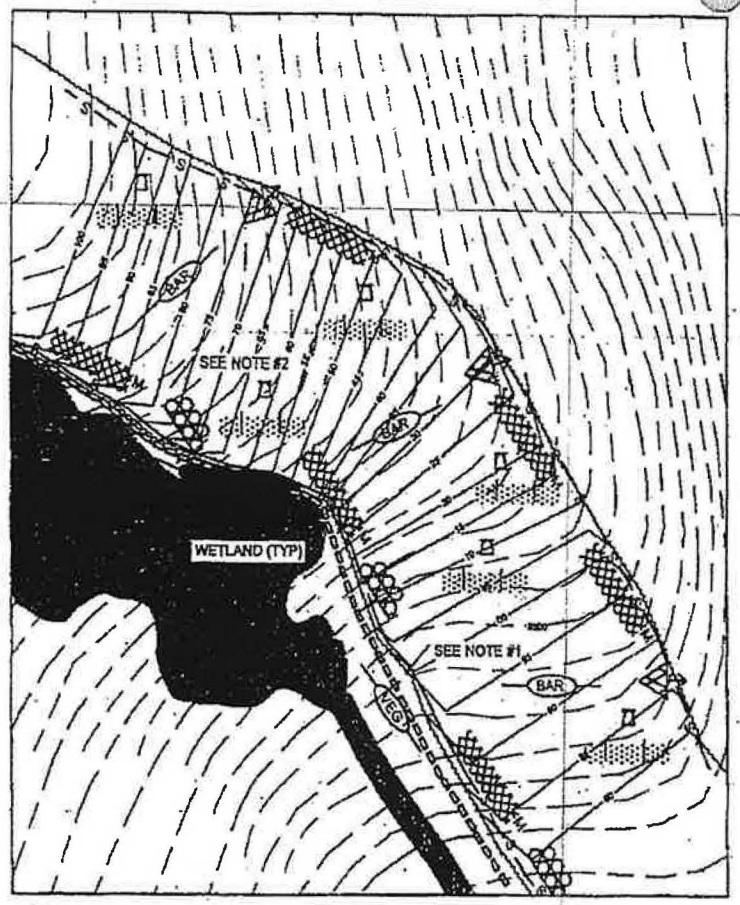
Exhibit A

I:\00094\2 ... State Loose\ACADDWG\SE Revised Plot Files\... 2 TYP EROSION CONTROL-2.DWG, 05-Feb-02 1 ... 7, JIM

Exhibit A



SO/1 SKI-OVER WETLAND/STREAM CROSSING EROSION CONTROL (TYP.)
SCALE: 1"= 30'- 0"



GT/1 GRADED TRAIL EROSION CONTROL (TYP.)
SCALE: 1"= 30'- 0"

EROSION CONTROL KEY

- MULCHING BMP11
- SEEDING BMP35
- RIP RAP SLOPE PROTECTION BMP28a
- STRAW BALE PLACEMENT BMP24
- WATER BAR PLACEMENT BMP32 — BAR
- PRESERVATION OF EXISTING VEGETATION BMP3 — VEG
- CLEARING BY HAND SE01
- SEDIMENT TRAP BMP27
- CLEARING LIMITS BMP1
- SILT FENCE BMP25 — S — S —
- GEOTEXTILE BMP13 — G
- MATTING BMP14 — M

NOTES:
1.) SILT FENCE TO BE INSTALLED ALONG STREAM/WETLAND BELOW ALL FILL SLOPES. STRAW BALES TO BE INCLUDED WHEN FILL SLOPE IS LESS THAN 20 FEET FROM STREAM/WETLAND.
2.) CUT SLOPES TO BE PROTECTED WITH MATTING/GEOTEXTILE, UNLESS RIP RAP SLOPE PROTECTION IS REQUIRED. FILL SLOPES TO BE PROTECTED WITH MATTING/GEOTEXTILE AND RIP RAP SLOPE PROTECTION.
3.) ALL VEGETATION CLEARING IN STREAM/WETLANDS TO BE CONDUCTED BY HAND, (NO HEAVY MACHINERY IN STREAM/WETLAND AREAS) UNLESS IMPACTS ARE PERMITTED. TREES TO BE FLUSH-CUT WITH NO SOIL DISTURBANCE AND SHRUB/HERBACEOUS VEGETATION TO REMAIN TO THE EXTENT POSSIBLE.
4.) SEDIMENT TRAP TO BE LOCATED AT OUTLET OF WATERBAR AT THE EDGE OF CLEARING. SEDIMENT TRAP OUTLET TO DRAIN TO UNDISTURBED UPLAND.

5' Contour Interval
5' Contours Interpolated Using Existing Contour Survey

0 15 30 60 120 Feet

TOOTHMAN-ORTON ENGINEERING COMPANY
CONSULTING ENGINEERS, SURVEYORS AND PLANNERS

SE GROUP

WestRock Resort
CUP Components
Typical Erosion Control

SHEET 19 OF 23

Exhibit A

I:\00094\2[illegible] - Slote Lease\ACADDWG\SE Revised Plot Files\[illegible] TYP EROSION CONTROL-3.DWG, 05-Feb-02 [illegible]:2[illegible] JTW

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I:\D0094\2 5 State Lease\ACADDWG\SE Revised Plot Files\: JP TYP EROSION CONTROL-1.DWG, 05-Feb-02 1 49, J1W

Exhibit A

I:\00094\2D\...5 Slate Lease\ACADDWG\SE Revised Plot Files\2...P TYP EROSION CONTROL-5.DWG, 05-FEB-02 1...13, JJW

Exhibit A

I:\00094\2 6 State Lease\ACADDWG\SE Revised Plot Files\: JP TYP EROSION CONTROL-6.DWG, 05-Feb-02 :35, JIW

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SR 1 SNOWMAKING RESERVOIR EROSION AND SEDIMENT CONTROL (TYP.)

SCALE: 1"= 60'- 0"

EROSION CONTROL KEY

MULCHING MAP 11
SEEDING MAP 28
RIP RAP SLOPE PROTECTION MAP 25
STRAW BALE MAP 24
OUTLET PROTECTION MAP 25
SILT FENCE MAP 26
GEOTEXTILE MAP 13
MATTING MAP 14
CLEARING LIMITS MAP 4

NOTES:
1) SILT FENCE TO BE INSTALLED ALONG STREAM/WETLAND BELOW ALL FILL SLOPES. STRAW BALES TO BE INCLUDED WHEN FILL SLOPE IS LESS THAN 20 FEET FROM STREAM/WETLAND.
2) GEOTEXTILE OR ROCK ARMOR ON CUT SLOPE, BOTH ON FILL SLOPE.

5' Contour Interval
Southern Metropolitan Existing Contour Survey

0 30 60 120 240 Feet

WestRock Resort
CUP Components
Snowmaking Reservoir
Erosion Control

SHEET 22 OF 22

SE GROUP

TOOTHMAN-ORTON ENGINEERING COMPANY
CONSULTING ENGINEERS, SURVEYORS AND PLANNERS

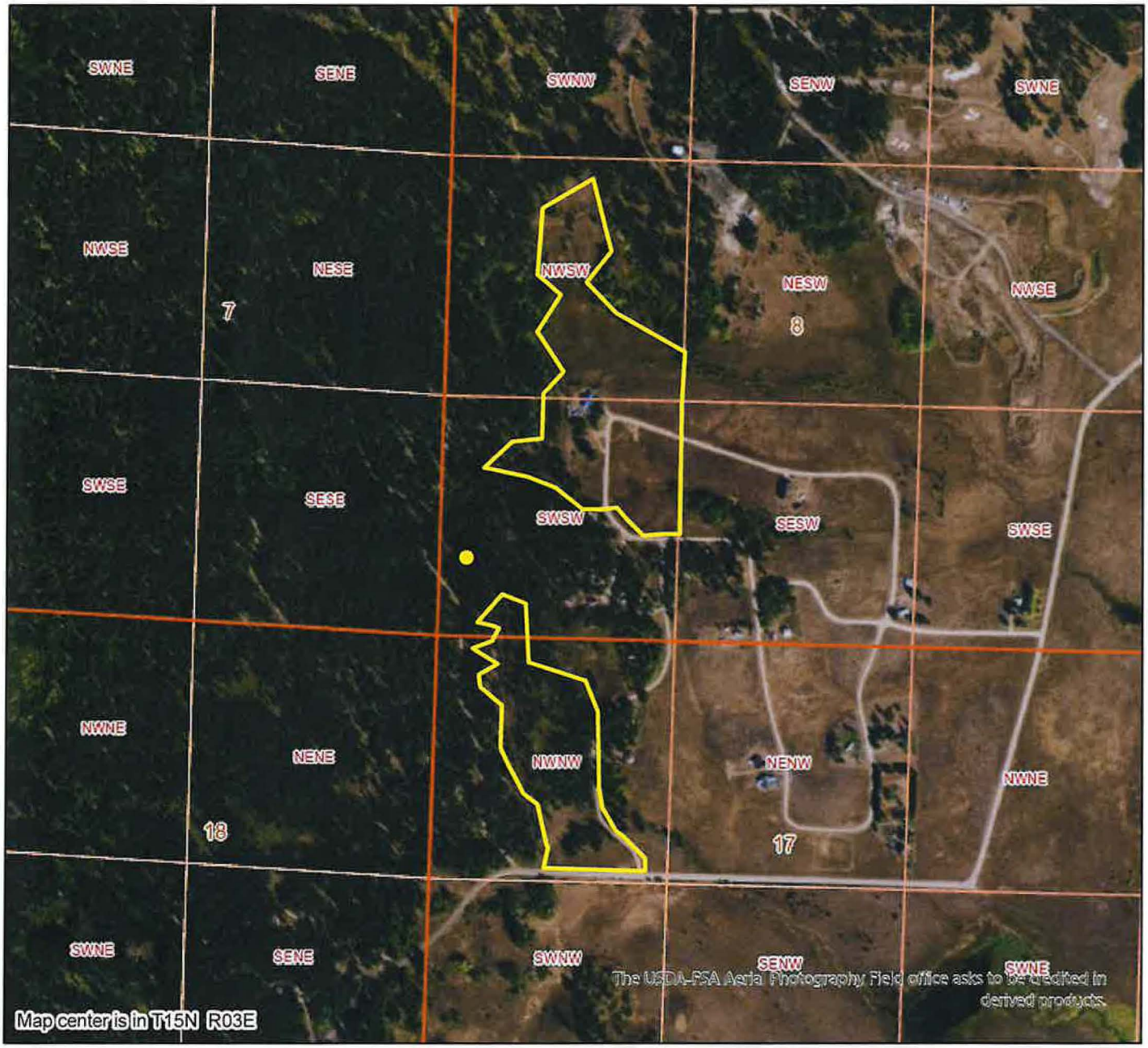
State of Idaho
Department of Water Resources

Water Right

65-8702

IRRIGATION

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.





0 0.05 0.1 0.2 0.3 0.4
Miles

Legend
- Quarter Quarters
- PLS Sections
- Townships
- Place of Use Boundary
- Point of Diversion

N

Date created: 6/24/2024

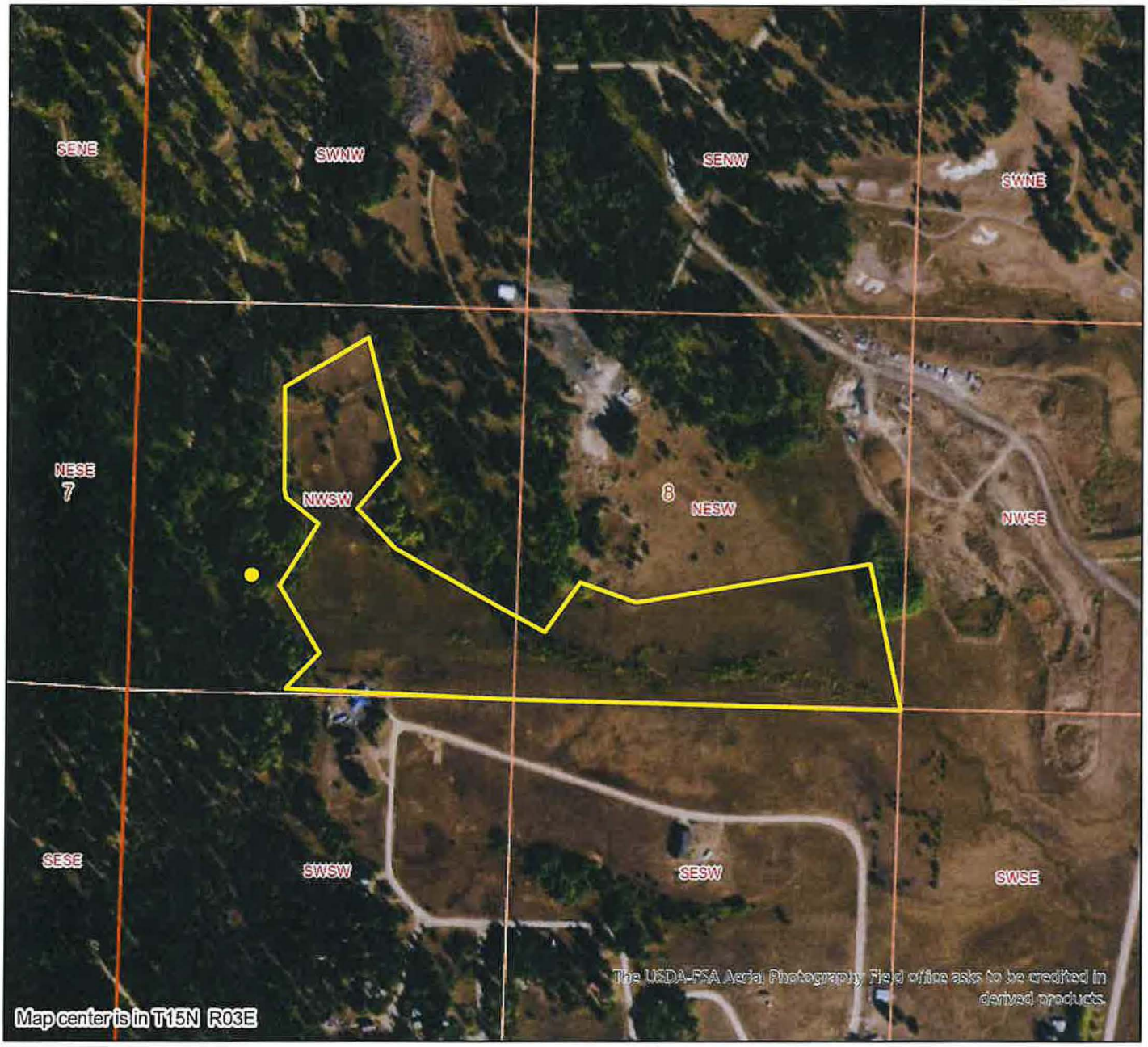
State of Idaho
Department of Water Resources

Water Right

65-8703

IRRIGATION

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.





0 0.03 0.07 0.13 0.2 0.26
Miles

Legend
- Quarter Quarters
- PLS Sections
- Townships
- Place of Use Boundary
- Point of Diversion

N

Date created: 6/24/2024

State of Idaho
Department of Water Resources

Water Right

65-22475

IRRIGATION

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.





0 0.07 0.15 0.3 0.45 0.6

Miles

Legend

- Quarter Quarters
- PLS Sections
- Townships
- Place of Use Boundary
- Point of Diversion

N

Date created: 6/24/2024

State of Idaho
Department of Water Resources

Water Right

65-23811

MUNICIPAL

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.





0 0.17 0.35 0.7 1.05 1.4

Miles

Legend

- Quarter Quarters
- PLS Sections
- Townships
- Place of Use Boundary
- Point of Diversion

N

Date created: 6/24/2024

State of Idaho
Department of Water Resources

Water Right

65-23812

MUNICIPAL

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.





0 0.17 0.35 0.7 1.05 1.4

Miles

Legend

- Quarter Quarters
- PLS Sections
- Townships
- Place of Use Boundary
- Point of Diversion

N

Date created: 6/24/2024

State of Idaho
Department of Water Resources

Water Right

65-23813

MUNICIPAL

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.





0 0.17 0.35 0.7 1.05 1.4

Miles

Legend

- Quarter Quarters
- PLS Sections
- Townships
- Place of Use Boundary
- Point of Diversion

N

Date created: 6/24/2024

State of Idaho
Department of Water Resources

Water Right

65-23814

MUNICIPAL

The map depicts the place of use for the water use listed above and point(s) of diversion of this right as currently derived from interpretations of the paper records and is used solely for illustrative purposes. Discrepancies between the computer representation and the permanent document file will be resolved in favor of the actual water right documents in the water right file.





0 0.17 0.35 0.7 1.05 1.4

Miles

Legend

- Quarter Quarters
- PLS Sections
- Townships
- Place of Use Boundary
- Point of Diversion

N

Date created: 6/24/2024

IDAHO DEPARTMENT OF
WATER RESOURCES

322 E Front Street, Suite 648, Boise ID 83702 • PO Box 83720, Boise ID 83720-0098
Phone: 208-287-4800 • Fax: 208-287-6700 • Email: idwrinfo@idwr.idaho.gov • Website: idwr.idaho.gov

Governor Brad Little

Director Mathew Weaver

July 19, 2024

TAMARACK MOUNTAIN OPERATIONS LLC
311 VILLAGE DR
PMB 3026
TAMARACK ID 83615-5014

IDAHO DEPARTMENT OF LANDS
700 W STATE ST FL 2
BOISE ID 83702-5868

Re: Change in Ownership for Water Right No(s): **65-8702, 65-8703, 65-22475, 65-23811, 65-23812, 65-23813, 65-23814**

Dear Water Right Holder(s):

The Department of Water Resources (Department) acknowledges the receipt of correspondence changing ownership of the above referenced water right(s) to you. The Department has modified its records and has enclosed a computer-generated report for you.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing a Notice of Change in Water Right Ownership, the Department does not review the history of water use to determine if the right has been forfeited or deliberately abandoned through five years or more of non-use. To read more about water right forfeiture, including how to protect a water right from forfeiture, please see Idaho Code §§ 42-222 and 42-223.

Please note, water right owners are required to report any change of water right ownership and any change of mailing address to the Department within 120 days of the change. Reporting forms are available from any office of the Department, or from the Department's website.

If you have any questions concerning the enclosed information, please contact me at (208)287-4921.

Sincerely,

Debra Mansfield
Technical Records Specialist 1

Enclosure(s)

Proof Report

Water Right 65-8702

Owner Type	Name and Address
Attorney	GIVENS PURSLEY LLP C/O MICHAEL P LAWRENCE 601 W BANNOCK ST BOISE, ID 83702-5919 (208) 388-1200
Current Owner	IDAHO DEPARTMENT OF LANDS 700 W STATE ST FL 2 BOISE, ID 83702-5868 (208) 334-0200
Current Owner	TAMARACK MOUNTAIN OPERATIONS LLC 311 VILLAGE DR PMB 3026 TAMARACK, ID 83615-5014 sturlington@tamarackidaho.com
Original Owner	DONALD K WEILMUNSTER PO BOX 4 GARDEN VALLEY, ID 83622 (208) 462-3777
Previous Owner	TAMARACK RESORT LLC 311 VILLAGE DR TAMARACK, ID 83615 (208) 472-1750
Previous Owner	WESTROCK ASSOC LLC 2710 SUNRISE RIM RD #240 BOISE, ID 83705 (208) 333-0902
Previous Owner	NEW TR ACQUISITION CO LLC 311 VILLAGE DR PMG 3026 TAMARACK, ID 83615
Previous Owner	TAMARACK HOMEOWNERS ACQUISITION CO LLC 311 VILLAGE DR TAMARACK, ID 83615-5014 (208) 325-1135

Priority Date: 5/19/1900

Basis: Decreed
Status: Active

Source	Tributary
BALLARD CREEK	NORTH FORK PAYETTE RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	4/15	10/15	0.760 CFS	
		Total Diversion	0.760 CFS	

Source and Point(s) of Diversion:

BALLARD CREEK	SWSW	Sec. 8, Twp 15N, Rge 03E, VALLEY County

Place Of Use:
IRRIGATION within VALLEY County

			NE				NW				SW				SE				
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
15N	03E	8										12.0	13.0						25.0
15N	03E	17						13.0											13.0

POU Total Acres: 38.0

Conditions of Approval:

1.		USE OF THIS RIGHT WITH RIGHT NO. 65-08703 IS LIMITED TO THE IRRIGATION OF A COMBINED TOTAL OF 49 ACRES IN A SINGLE IRRIGATION SEASON.
2.	C18	THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE ENTRY OF A FINAL UNIFIED DECREE. SECTION 42-1412(6), IDAHO CODE.

Dates and Other Information:
Decreed Date: 10/31/2000
Civil Case Number: 39576
Judicial District: FIFTH
State or Federal: S
Water District Number: 65
Mitigation Plan: False

Combined Use Limits:
N/A

SubCase:
N/A

Water Supply Bank:

N/A

Water Right 65-8703

Owner Type	Name and Address
Attorney	GIVENS PURSLEY LLP C/O MICHAEL P LAWRENCE 601 W BANNOCK ST BOISE, ID 83702-5919 (208) 388-1200
Current Owner	TAMARACK MOUNTAIN OPERATIONS LLC 311 VILLAGE DR PMB 3026 TAMARACK, ID 83615-5014 sturlington@tamarackidaho.com
Current Owner	IDAHO DEPARTMENT OF LANDS 700 W STATE ST FL 2 BOISE, ID 83702-5868 (208) 334-0200
Original Owner	DONALD K WEILMUNSTER PO BOX 4 GARDEN VALLEY, ID 83622 (208) 462-3777
Previous Owner	TAMARACK RESORT LLC 311 VILLAGE DR TAMARACK, ID 83615 (208) 472-1750
Previous Owner	WESTROCK ASSOC LLC 2710 SUNRISE RIM RD #240 BOISE, ID 83705 (208) 333-0902
Previous Owner	NEW TR ACQUISITION CO LLC 311 VILLAGE DR PMG 3026 TAMARACK, ID 83615
Previous Owner	TAMARACK HOMEOWNERS ACQUISITION CO LLC 311 VILLAGE DR TAMARACK, ID 83615-5014 (208) 325-1135

Priority Date: 9/10/1901

Basis: Decreed
Status: Active

Source	Tributary
WALKER CREEK	NORTH FORK PAYETTE RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	4/15	10/15	0.460 CFS	
	Total Diversion		0.460 CFS	

Source and Point(s) of Diversion:
WALKER CREEK NWSW Sec. 8, Twp 15N, Rge 03E, VALLEY County

Place Of Use:
IRRIGATION within VALLEY County

			NE				NW				SW				SE				
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
15N	03E	8									11.0	12.0							23.0

POU Total Acres: 23.0

Conditions of Approval:

1.		USE OF THIS RIGHT WITH RIGHT NO. 65-08702 IS LIMITED TO THE IRRIGATION OF A COMBINED TOTAL OF 49 ACRES IN A SINGLE IRRIGATION SEASON.
2.	C18	THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE ENTRY OF A FINAL UNIFIED DECREE. SECTION 42-1412(6), IDAHO CODE.

Dates and Other Information:
Decreed Date: 10/31/2000
Civil Case Number: 39576
Judicial District: FIFTH
State or Federal: S
Water District Number: 65
Mitigation Plan: False

Combined Use Limits:
N/A

SubCase:
N/A

Water Supply Bank:

N/A

Water Right 65-22475

Owner Type	Name and Address
Attorney	GIVENS PURSLEY LLP C/O MICHAEL P LAWRENCE 601 W BANNOCK ST BOISE, ID 83702-5919 (208) 388-1200
Current Owner	TAMARACK MOUNTAIN OPERATIONS LLC 311 VILLAGE DR PMB 3026 TAMARACK, ID 83615-5014 sturlington@tamarackidaho.com
Current Owner	IDAHO DEPARTMENT OF LANDS 700 W STATE ST FL 2 BOISE, ID 83702-5868 (208) 334-0200
Original Owner	DONALD K WEILMUNSTER PO BOX 4 GARDEN VALLEY, ID 83622 (208) 462-3777
Previous Owner	TAMARACK RESORT LLC 311 VILLAGE DR TAMARACK, ID 83615 (208) 472-1750
Previous Owner	NEW TR ACQUISITION CO LLC 311 VILLAGE DR PMG 3026 TAMARACK, ID 83615
Previous Owner	TAMARACK HOMEOWNERS ACQUISITION CO LLC 311 VILLAGE DR TAMARACK, ID 83615-5014 (208) 325-1135

Priority Date: 6/30/1919
Basis: Decreed
Status: Active

Source	Tributary
POISON CREEK	NORTH FORK PAYETTE RIVER

ROCK CREEK
UNNAMED STREAM

POISON CREEK
NORTH FORK PAYETTE RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	04/15	10/15	6.260 CFS	
	Total Diversion		6.260 CFS	

Source and Point(s) of Diversion:

POISON CREEK	SENE	Sec. 6, Twp 15N, Rge 03E, VALLEY County
ROCK CREEK	NESE	Sec. 6, Twp 15N, Rge 03E, VALLEY County
UNNAMED STREAM	SWSW	Sec. 5, Twp 15N, Rge 03E, VALLEY County

Place Of Use:
IRRIGATION within VALLEY County

			NE				NW				SW				SE				
Twp	Rng	Sec	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
15N	03E	5	15.0 L1	21.0 L2	40.0	24.0				13.0	22.0	3.0			15.0	24.0	38.0	21.0	2.0	238.0

POU Total Acres: 238.0

Conditions of Approval:

1. C20 Basin 65 General Provisions No. 3, the Separate Streams General Provision, does not apply to appropriations of water after October 18, 1977. This water right shall be administered as being from a separate source pursuant to Basin 65 General Provision No. 3. If the holder of this right seeks to change the right pursuant to Idaho Code § 42-222 or sucessor statute, nothing in this general provision shall preclude any other person or entity from demonstrating that such change in use would cause injury to its water right or from receiving any relief provided by law in the event of injury.
2. THIS RIGHT IS LIMITED TO .02 CFS PER ACRE DELIVERED TO THE FIELD HEADGATES.
3. C18 THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE ENTRY OF A FINAL UNIFIED DECREE. SECTION 42-1412(6), IDAHO CODE.

Dates and Other Information:
Decreed Date: 3/7/2003
Civil Case Number: 39576
Judicial District: FIFTH
State or Federal: S
Water District Number: 65
Mitigation Plan: False

Combined Use Limits:
N/A

SubCase:
SubCaseNumber: 65-22475
Class: 1
SF5 Filed Date:
Special Master Recom Signed Date:
Attorney Assigned:
Adjudication Agent:
Basis of Claim: Decreed
Date Filed: 7/23/2001
Objection Status: Active

Water Supply Bank:

N/A

Water Right 65-23811

Owner Type	Name and Address
Current Owner	IDAHO DEPARTMENT OF LANDS 700 W STATE ST FL 2 BOISE, ID 83702-5868 (208) 334-0200
Current Owner	TAMARACK MOUNTAIN OPERATIONS LLC 311 VILLAGE DR PMB 3026 TAMARACK, ID 83615-5014 sturlington@tamarackidaho.com
Original Owner	TAMARACK RESORT LLC 311 VILLAGE DR TAMARACK, ID 83615 (208) 472-1750
Previous Owner	NEW TR ACQUISITION CO LLC 311 VILLAGE DR PMG 3026 TAMARACK, ID 83615
Previous Owner	TAMARACK MUNICIPAL ASSN INC 311 VILLAGE DR PMB 3003 TAMARACK, ID 83615
Previous Owner	TAMARACK HOMEOWNERS ACQUISITION CO LLC 311 VILLAGE DR TAMARACK, ID 83615-5014 (208) 325-1135

Priority Date: 3/16/2001
Basis: License
Status: Active

Source	Tributary
GROUND WATER	

Beneficial Use	From	To	Diversion Rate	Volume
MUNICIPAL	01/01	12/31	0.610 CFS	11.0 AF
	Total Diversion		0.610 CFS	11.0 AF

Source and Point(s) of Diversion:

GROUND WATER	SENE	Sec. 8, Twp 15N, Rge 03E, VALLEY County

Place Of Use:
MUNICIPAL within VALLEY County
Large POU not displayed

Conditions of Approval:

1.	128	Place of use is within the area served by the right holder's public water supply system. The place of use is generally located within Section 36, Township 16 North, Range 02 East, Sections 31 and 32, Township 16 North, Range 03 East, and Sections 5 and 8, Township 16 North, Range 03 East.
2.	01M	After specific notification by the Department, the right holder shall install a suitable measuring device to determine the amount of water diverted and shall annually report the information to the Department.
3.		The right holder shall comply with the terms and conditions of the State Board of Land Commissioners' Commercial Lease M-5042, originally executed June 11, 2002, as amended, and as conditioned upon assignment, including specifically, but not limited to, Article VII of the Lease addressing water rights, and Article 3.f of the Assignment and Assumption Agreement of Commercial Lease No. M-5042 executed by the State Board of Land Commissioners on December 3, 2018, and as such instruments may hereafter be amended or superseded.
4.		The right holder shall comply with the terms of the April 2002 Conservation Easement made and entered into between WestRock Associates, LLC and the Idaho Foundation for Parks and Lands.
5.		The right holder shall comply with the requirements of the Wildlife Habitat Conservation Plan with any changes approved by the Idaho Department of Fish and Game, in particular as the Plan relates to the right holder's agreement to retain its appurtenant surface water rights.

Dates and Other Information:
Licensed Date: 3/13/2019
Water District Number: EXC
Mitigation Plan: False

Combined Use Limits:
N/A

SubCase:
N/A

Water Supply Bank:

N/A

Water Right 65-23812

Owner Type	Name and Address
Current Owner	TAMARACK MOUNTAIN OPERATIONS LLC 311 VILLAGE DR PMB 3026 TAMARACK, ID 83615-5014 sturlington@tamarackidaho.com
Current Owner	IDAHO DEPARTMENT OF LANDS 700 W STATE ST FL 2 BOISE, ID 83702-5868 (208) 334-0200
Original Owner	TAMARACK RESORT LLC 311 VILLAGE DR TAMARACK, ID 83615 (208) 472-1750
Previous Owner	NEW TR ACQUISITION CO LLC 311 VILLAGE DR PMG 3026 TAMARACK, ID 83615
Previous Owner	TAMARACK MUNICIPAL ASSN INC 311 VILLAGE DR PMB 3003 TAMARACK, ID 83615
Previous Owner	TAMARACK HOMEOWNERS ACQUISITION CO LLC 311 VILLAGE DR TAMARACK, ID 83615-5014 (208) 325-1135

Priority Date: 3/16/2001
Basis: License
Status: Active

Source	Tributary
GROUND WATER	

Beneficial Use	From	To	Diversion Rate	Volume
MUNICIPAL	01/01	12/31	2.490 CFS	500.0 AF
	Total Diversion		2.490 CFS	500.0 AF

Source and Point(s) of Diversion:

GROUND WATER	SENW	Sec. 5, Twp 15N, Rge 03E, VALLEY County
GROUND WATER	NENW	Sec. 5, Twp 15N, Rge 03E, VALLEY County

Place Of Use:
MUNICIPAL within VALLEY County
Large POU not displayed

Conditions of Approval:

1.		Place of use is within the area served by the right holder's public water supply system. The place of use is generally located within Section 36, Township 16 North, Range 02 East, Sections 31 and 32, Township 16 North, Range 03 East, and Sections 5 and 8, Township 16 North, Range 03 East.
2.	01M	After specific notification by the Department, the right holder shall install a suitable measuring device to determine the amount of water diverted and shall annually report the information to the Department.
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5.		The right holder shall comply with the requirements of the Wildlife Habitat Conservation Plan with any changes approved by the Idaho Department of Fish and Game, in particular as the Plan relates to the right holder's agreement to retain its appurtenant surface water rights.

Dates and Other Information:
Licensed Date: 3/13/2019
Water District Number: EXC
Mitigation Plan: False

Combined Use Limits:
N/A

SubCase:
N/A

Water Supply Bank:

N/A

Water Right 65-23813

Owner Type	Name and Address
Current Owner	TAMARACK MOUNTAIN OPERATIONS LLC 311 VILLAGE DR PMB 3026 TAMARACK, ID 83615-5014 sturlington@tamarackidaho.com
Current Owner	IDAHO DEPARTMENT OF LANDS 700 W STATE ST FL 2 BOISE, ID 83702-5868 (208) 334-0200
Original Owner	TAMARACK RESORT LLC 311 VILLAGE DR TAMARACK, ID 83615 (208) 472-1750
Previous Owner	NEW TR ACQUISITION CO LLC 311 VILLAGE DR PMG 3026 TAMARACK, ID 83615
Previous Owner	TAMARACK MUNICIPAL ASSN INC 311 VILLAGE DR PMB 3003 TAMARACK, ID 83615
Previous Owner	TAMARACK HOMEOWNERS ACQUISITION CO LLC 311 VILLAGE DR TAMARACK, ID 83615-5014 (208) 325-1135

Priority Date: 3/16/2001
Basis: License
Status: Active

Source	Tributary
GROUND WATER	

Beneficial Use	From	To	Diversion Rate	Volume
MUNICIPAL	01/01	12/31	2.570 CFS	367.0 AF
	Total Diversion		2.570 CFS	367.0 AF

Source and Point(s) of Diversion:

GROUND WATER	L2(NWNE)	Sec. 5, Twp 15N, Rge 03E, VALLEY County

Place Of Use:
MUNICIPAL within VALLEY County
Large POU not displayed

Conditions of Approval:

1.		Place of use is within the area served by the right holder's public water supply system. The place of use is generally located within Section 36, Township 16 North, Range 02 East, Sections 31 and 32, Township 16 North, Range 03 East, and Sections 5 and 8, Township 16 North, Range 03 East.
2.	01M	After specific notification by the Department, the right holder shall install a suitable measuring device to determine the amount of water diverted and shall annually report the information to the Department.
3.		The right holder shall comply with the terms and conditions of the State Board of Land Commissioners' Commercial Lease M-5042, originally executed June 11, 2002, as amended, and as conditioned upon assignment, including specifically, but not limited to, Article VII of the Lease addressing water rights, and Article 3.f of the Assignment and Assumption Agreement of Commercial Lease No. M-5042 executed by the State Board of Land Commissioners on December 3, 2018, and as such instruments may hereafter be amended or superseded.
4.		The right holder shall comply with the terms of the April 2002 Conservation Easement made and entered into between WestRock Associates, LLC and the Idaho Foundation for Parks and Lands.
5.		The right holder shall comply with the requirements of the Wildlife Habitat Conservation Plan with any changes approved by the Idaho Department of Fish and Game, in particular as the Plan relates to the right holder's agreement to retain its appurtenant surface water rights.

Dates and Other Information:
Licensed Date: 3/13/2019
Water District Number: EXC
Mitigation Plan: False

Combined Use Limits:
N/A

SubCase:
N/A

Water Supply Bank:

N/A

Proof Report

Water Right 65-23814

Owner Type	Name and Address
Current Owner	TAMARACK MOUNTAIN OPERATIONS LLC 311 VILLAGE DR PMB 3026 TAMARACK, ID 83615-5014 sturlington@tamarackidaho.com
Current Owner	IDAHO DEPARTMENT OF LANDS 700 W STATE ST FL 2 BOISE, ID 83702-5868 (208) 334-0200
Original Owner	TAMARACK RESORT LLC 311 VILLAGE DR TAMARACK, ID 83615 (208) 472-1750
Previous Owner	NEW TR ACQUISITION CO LLC 311 VILLAGE DR PMG 3026 TAMARACK, ID 83615
Previous Owner	TAMARACK MUNICIPAL ASSN INC 311 VILLAGE DR PMB 3003 TAMARACK, ID 83615
Previous Owner	TAMARACK HOMEOWNERS ACQUISITION CO LLC 311 VILLAGE DR TAMARACK, ID 83615-5014 (208) 325-1135

Priority Date: 3/16/2001
Basis: License
Status: Active

Source	Tributary
GROUND WATER	

Beneficial Use	From	To	Diversion Rate	Volume
MUNICIPAL	01/01	12/31	0.040 CFS	0.5 AF
	Total Diversion		0.040 CFS	0.5 AF

Source and Point(s) of Diversion:

GROUND WATER	SENE	Sec. 36, Twp 16N, Rge 02E, VALLEY County

Place Of Use:
MUNICIPAL within VALLEY County
Large POU not displayed

Conditions of Approval:

1.		Place of use is within the area served by the right holder's public water supply system. The place of use is generally located within Section 36, Township 16 North, Range 02 East, Sections 31 and 32, Township 16 North, Range 03 East, and Sections 5 and 8, Township 16 North, Range 03 East.
2.	01M	After specific notification by the Department, the right holder shall install a suitable measuring device to determine the amount of water diverted and shall annually report the information to the Department.
3.		The right holder shall comply with the terms and conditions of the State Board of Land Commissioners' Commercial Lease M-5042, originally executed June 11, 2002, as amended, and as conditioned upon assignment, including specifically, but not limited to, Article VII of the Lease addressing water rights, and Article 3.f of the Assignment and Assumption Agreement of Commercial Lease No. M-5042 executed by the State Board of Land Commissioners on December 3, 2018, and as such instruments may hereafter be amended or superseded.
4.		The right holder shall comply with the terms of the April 2002 Conservation Easement made and entered into between WestRock Associates, LLC and the Idaho Foundation for Parks and Lands.
5.		The right holder shall comply with the requirements of the Wildlife Habitat Conservation Plan with any changes approved by the Idaho Department of Fish and Game, in particular as the Plan relates to the right holder's agreement to retain its appurtenant surface water rights.

Dates and Other Information:
Licensed Date: 3/13/2019
Water District Number: EXC
Mitigation Plan: False

Combined Use Limits:
N/A

SubCase:
N/A

Water Supply Bank:

N/A

Mansfield, Debra

From: Mansfield, Debra
Sent: Thursday, July 18, 2024 3:57 PM
To: 'mpl@givenspursley.com'; 'sturlington@tamarackidaho.com'
Subject: Change in Water Right Ownership Confirmation, State of Idaho & Tamarack Mountain Operations, LLC
Attachments: Tamarack & Idaho Department of Lands, Change in Water Right Ownership Confirmation.pdf

Hello,

Please see the attached confirmation packet for the completed Change n Water Right Ownership for the Idaho Department of Lands and Tamarack Mountain Operations, LLC. This confirmation letter is also being mailed via USPS to each of the new owners.

Thank you,

Debra Mansfield | Technical Records Specialist 1
IDWR – State Office
322 E Front St, Boise ID 83702-7371
(208) 287-4921 | Debra.Mansfield@idwr.idaho.gov

MARTEN

RECEIVED
JUL 18 2024
DEPARTMENT OF
WATER RESOURCES

July 18, 2024

Via First Class Mail

Debra Mansfield
Technical Records Specialist I
Idaho Department of Water Resources
322 E. Front Street, Suite 648
Boise, Idaho 83720
Debra.Mansfield@idwr.idaho.gov

RE: Change in Ownership for Water Right No(s): 65-8702, 65-8703, 65-22475, 65-23811, 65-23812, 65-23813, and 65-23814

Dear Ms. Mansfield:

In response to your July 15, 2024 letter to Tamarack Mountain Operations, LLC. I am enclosing for your records an Assignment Agreement for Co-Ownership Interest in these water rights between Tamarack Mountain Operations, LLC and the Idaho Department of Lands. I believe this should satisfy the Department's concerns about the Lease. If you have any further questions, please contact me.

Very Truly Yours,

Albert P. Barker
Attorney

Direct: 208-424-2030
E-Mail: abarker@martenlaw.com

Enclosures

cc:
Scott Turlington - sturlington@tamarackidaho.com
Garrick Baxter - Garrick.Baxter@idwr.idaho.gov

Mansfield, Debra

From: Baxter, Garrick
Sent: Thursday, July 18, 2024 9:13 AM
To: Mansfield, Debra
Subject: RE: Assignment Agreement for Co-Ownership Interest in Water Rights re Tamarack and Idaho Department of Lands

Morning Debra,
I've reviewed the document. It looks good to me. Let me know if you have any questions or concerns.
Thanks,
Garrick

Garrick Baxter | Lead Deputy Attorney General
Idaho Department of Water Resources | Energy and Natural Resources Division
Office of the Attorney General | State of Idaho
208-287-4811 | ag.idaho.gov

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From: Hailey S. Jordan <hjordan@martenlaw.com>
Sent: Thursday, July 18, 2024 8:46 AM
To: Mansfield, Debra <Debra.Mansfield@idwr.idaho.gov>
Cc: Albert P. Barker <abarker@martenlaw.com>; sturlington@tamarackidaho.com; Baxter, Garrick <Garrick.Baxter@idwr.idaho.gov>
Subject: Assignment Agreement for Co-Ownership Interest in Water Rights re Tamarack and Idaho Department of Lands

CAUTION: **This email originated outside the State of Idaho network. Verify links and attachments BEFORE you click or open, even if you recognize and/or trust the sender. Contact your agency service desk with any concerns.**

Good Morning,

Attached is a letter enclosing the Assignment Agreement for Co-Ownership Interest in Water Rights re Tamarack and Idaho Department of Lands executed on 7/16/2024. A Copy has also been sent via USPS Mail. Please let me know if you have any questions or problems with the attachment. Thank you and have a nice day!

Hailey Jordan (she/her)
Legal Assistant

D – 208.424.2034
M – 208.957.8058
E – hjordan@martenlaw.com

martenlaw.com
101 S. Capitol Blvd, Suite 1200
Boise, ID 83702

MARTEN LAW

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IDAHO DEPARTMENT OF
WATER RESOURCES

322 E Front Street, Suite 648, Boise ID 83702 • PO Box 83720, Boise ID 83720-0098
Phone: 208-287-4800 • Fax: 208-287-6700 • Email: idwrinfo@idwr.idaho.gov • Website: idwr.idaho.gov

Governor Brad Little

Director Mathew Weaver

July 15, 2024

TAMARACK MOUNTAIN OPERATIONS LLC
311 VILLAGE DR
PMB 3026
TAMARACK ID 83615-5014

RE: Change in Ownership for Water Right No(s): **65-8702, 65-8703, 65-22475, 65-23811, 65-23812, 65-23813, 65-23814**

Dear Interested Parties:

The Department of Water Resources (Department) acknowledges receipt of your Notice of Change in Water Right Ownership (Notice).

Our review of your Notice indicates that additional information is required before the Department can process the change. The information required is indicated below:

- Evidence of Water Right Ownership: copy of Deed of Trust, Mortgage, Contract of Sale or other legal document indicating your interest in the property and water rights in question

Your Notice indicates that the new owners for the above water rights are Tamarack Mountain Operations LLC and The State of Idaho. The Water Rights Quitclaim Deed that was received shows the conveyance of water rights from Tamarack Homeowners Acquisition Company LLC to Tamarack Mountain Operations LLC.

We will also need documentation showing the conveyance of water rights from Tamarack Mountain Operations LLC to the State of Idaho. The received Assignment and Assumption Agreement of Commercial Lease No. M-5042 is not a valid document for the Change in Ownership process.

Because the Department cannot process the Notice without proper documentation, we will hold any action on your notice pending receipt of the necessary information. If we do not receive the necessary information within 30 days we will return your notice and all attachments and your notice will not be processed.

If you have any questions regarding this matter, please contact me at (208)287-4800.

Sincerely,

Debra Mansfield

Debra Mansfield
Technical Records Specialist 1

Enclosure(s)

c: GIVENS PURSLEY LLP C/O MICHAEL P LAWRENCE
TAMARACK HOMEOWNERS ACQUISITION CO LLC