

SKI LIFT DEVELOPMENT AGREEMENT

THIS SKI LIFT DEVELOPMENT AGREEMENT ("Agreement") is entered into to be effective the 1st day of September, 2004 (the "Effective Date"), by and between Paladin Development Partners, L.L.C., a Utah limited liability company ("Paladin"), and Greater Park City Company, a Utah corporation, doing business as Park City Mountain Resort ("PCMR"). Paladin and PCMR are sometimes hereinafter referred to collectively as the "Parties", and individually as a "Party".

RECITALS

A. Paladin owns certain real property located in Park City, Utah, as more particularly described on Exhibit A attached hereto (the "Paladin Development"), that Paladin intends to or has begun to develop as a master-planned development for up to 100 residential units and associated resort support commercial uses.

B. PCMR owns and operates a winter ski and summer mountain resort located in Park City, Utah commonly known as Park City Mountain Resort ("PCMR Resort"). A portion of the PCMR Resort is adjacent to the Paladin Development.

C. PCMR and Paladin desire to enter into one or more agreements for the planning, location, design, construction, operation and maintenance of a new ski lift and ski runs that would be operated as part of the PCMR Resort and that would physically connect the Paladin Development to the PCMR Resort.

D. PCMR and Paladin desire to enter into this Agreement for the purposes of memorializing the terms for the development and operation of the Ski Facilities (as defined below).

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Recitals. Each of Recitals A through D are incorporated into and made a part of this Agreement.

2. Ski Lift Development. Subject to the terms and conditions of this Agreement, PCMR and Paladin shall work in good faith to plan, locate, design, construct, operate and maintain ski towers, ski terminals, ski lifts, ski runs and trails, snowmaking equipment and related facilities (collectively, "Ski Facilities") to be located on a portion of the Paladin Development and on a portion of the PCMR Resort. Subject to the terms of this Agreement, the Parties intend that the Ski Facilities (a) be operated and maintained by PCMR as a part of the PCMR Resort; and (b) serve as a connection between the Paladin Development and the PCMR Resort such that the owners and occupants of property within the Paladin Development have ski-in/ski-out access from the PCMR Resort to the Paladin Development through the non-exclusive use of the Ski Facilities.

3. Planning Phase.

(a) No later than September 21, 2004, the Parties shall meet to commence the process of creating a mutually acceptable plan for the alignment, location and design of the Ski Facilities (the "Preliminary Planning Meeting"). The date of the Preliminary Planning Meeting will be the trigger for all of the milestone dates described on Exhibit B attached hereto (collectively, the "Milestones"). Whenever any of the individual Milestones are referred to herein, they are used as defined in Exhibit B attached hereto.

(b) Immediately after the Preliminary Planning Meeting, Paladin shall, at its sole cost and expense, cause its architects and/or engineers to prepare preliminary plans and specifications for the Ski Facilities (the "Preliminary Plan"). By the Preliminary Plan Submission Date, Paladin shall submit two (2) sets of the Preliminary Plan to PCMR for its review. By the Preliminary Plan Response Date, PCMR shall provide its written comments to the Preliminary Plan ("PCMR's Comments"). If PCMR fails to provide PCMR's Comments by the Preliminary Plan Response Date, PCMR shall be deemed to have approved the Preliminary Plan, and PCMR shall so indicate by initialing both copies of the Preliminary Plan as having been "approved." One copy of such approved Preliminary Plan shall be retained by each Party. PCMR's Comments, if any, shall be specific and in writing, and shall be commercially reasonable.

(c) Following Paladin's receipt of PCMR's Comments, Paladin and PCMR shall cooperate, in good faith, to resolve any disagreements or concerns raised in PCMR's Comments. If Paladin and PCMR have been unable to do so by the Plan Approval Date, either Party may terminate this Agreement upon written notice to the other Party within ten (10) days following the Plan Approval Date, which termination shall be effective immediately upon receipt of such notice by the other Party, and neither Party shall thereafter have any further rights or obligations under this Agreement. If PCMR's Comments are resolved by the Plan Approval Date, PCMR shall indicate its approval of the revised Preliminary Plan, with such changes thereto as are necessary and agreed upon by the Parties to resolve PCMR's Comments, by initialing both copies of the Preliminary Plan, as so revised, as having been "approved." Such final approved plan is hereafter referred to as the "Ski Facilities Plan," and one copy of the Ski Facilities Plan shall be retained by each Party.

4. Land and Easements for Ski Facilities. Promptly after the Plan Approval Date, the Parties shall meet to determine if the Ski Facilities Plan requires the acquisition of any additional land or easement rights for any part of the Ski Facilities located on either the PCMR Resort or the Paladin Development as shown on the Ski Facilities Plan. If additional land or easement rights are necessary for any part of the Ski Facilities, PCMR agrees to exercise commercially reasonable efforts to acquire such rights for the Ski Facilities to be located on the PCMR Resort, and Paladin agrees to exercise commercially reasonable efforts to acquire such rights for the Ski Facilities to be located on the Paladin Development; *provided, however*, that neither Party shall have any obligation to acquire such rights or to expend funds in connection therewith. Each Party shall promptly notify the other Party in writing of any additional land or easement rights necessary for the Ski Facilities as shown on the Ski Facilities Plan that the notifying Party has been unable to acquire or for which the notifying Party has declined to expend funds to obtain, at which time the notified Party may elect to acquire such rights and

expend, at the notified Party's sole cost and expense, such funds as are necessary to obtain such additional land or easement rights. If both Parties have been unable to acquire or are otherwise unwilling to expend funds to acquire additional land or easement rights necessary for the development and operation of the Ski Facilities in accordance with the Ski Facilities Plan, then Paladin and PCMR shall promptly meet in an effort to: (a) negotiate in good faith to revise the Ski Facilities Plan such that at least one ski run and one ski lift, which ski lift can reasonably serve such ski run, can be agreed upon which connects the PCMR Resort to the Paladin Development (the "**Minimum Ski Facilities**"), and Paladin shall provide a revised Ski Facilities Plan to PCMR; and (b) determine a mutually acceptable method for acquiring additional land or easement rights necessary for such Minimum Ski Facilities; *provided, however* that in no event shall PCMR be obligated to expend any funds in connection with such acquisition of additional land or easement rights. If, notwithstanding such good faith negotiations by the Parties, the Parties are unable to reach agreement regarding the acquisition of the necessary additional land and/or easement rights for the development of the Minimum Ski Facilities by the Required Ski Facilities Date, then either Paladin or PCMR shall have the right to give written notice to the other of the termination of this Agreement, which termination shall be effective immediately upon receipt of such notice by the other Party, and neither Party shall thereafter have any further rights or obligations arising under this Agreement.

5. **Planning Conditions.** Approval of the Ski Facilities Plan and obtaining all necessary land and easement rights in connection with the Ski Facilities Plan (collectively, the "**Planning Conditions**") shall each be conditions precedent to the obligations of PCMR and Paladin set forth in Sections 6 through 16 below.

6. **Entitlements and Approvals.** Paladin shall, at its sole cost and expense, within thirty (30) days following the satisfaction of the Planning Conditions, submit appropriate applications and documents for and shall thereafter use commercially reasonable efforts to obtain by the Land Use Approvals Date all land use entitlements, building permits and related approvals from Park City Municipal Corporation in connection with the use, location and construction of the Ski Facilities (collectively, the "**Land Use Approvals**"). PCMR agrees to reasonably cooperate with Paladin in executing such applications or submittals as may be required in connection with obtaining the Land Use Approvals. If all of the Land Use Approvals have not been obtained by the Land Use Approvals Date, this Agreement may be terminated by either Party at any time after the Land Use Approvals Date by delivering written notice to the other Party, which termination shall be effective immediately upon receipt of such notice by the other Party, and neither Party shall thereafter have any further rights or obligations arising under this Agreement, except as expressly set forth herein.

7. **Approval Condition.** The issuance of all of the Land Use Approvals, which must be "**Final and Complete**" (defined below) by the Land Use Approvals Date (collectively, the "**Approval Condition**"), shall be a condition precedent to the Parties' obligations under this Agreement. As used in this Agreement, any Land Use Approval is not "**Final and Complete**" until there can be no further reconsideration, contest, or appeal of such approval.

particular ski season, in no event shall the Easement Agreement or the Operating Agreement be terminated by Paladin, its successors or assigns, prior to the date PCMR elects to close the entire PCMR Resort for skiing, snowboarding or other winter sport related purposes (at the end of such particular ski season);

(e) Paladin shall agree to indemnify, defend and hold harmless PCMR with respect to environmental claims to the extent such claims relate to the Ski Facilities located within the Paladin Development and to the extent such claims do not arise from or relate to any conduct or activity of PCMR or its officers, employees, agents, representatives, licensees, invitees or patrons; and

(f) PCMR shall agree to indemnify, defend and hold harmless Paladin with respect to all claims that arise from or relate to PCMR's use, operation and maintenance of the Ski Facilities to the extent such claims do not arise from or relate to any conduct or activity of Paladin or its officers, employees, agents, representatives, licensees, invitees, patrons or owners within the Paladin Development.

The Easement Agreement shall otherwise be on terms and in such form as may be agreed to by Paladin and PCMR. Unless otherwise required by applicable governmental authorities in connection with the obtaining of the Land Use Approvals, upon satisfaction of the Planning Conditions and the Approval Condition, but in any event prior to commencement of the construction of the Ski Facilities, the Easement Agreement shall be recorded in the Summit County, Utah Recorder's Office.

12. Construction of the Tramway and Related Ski Facilities. Upon satisfaction of the Planning Conditions and the Approval Condition, PCMR shall obtain at least two (2) bids for construction of the Ski Facilities, including removal and re-installation of any selected PCMR Equipment, and shall deliver copies of such bids to Paladin. PCMR and Paladin shall work in good faith to select a contractor from such bids; *provided, however*, that PCMR shall not be required to select the lowest bid, if PCMR determines, in its reasonable judgment, that a higher bidder will best be able to provide the type and quality of service PCMR will require in connection with the construction of the Ski Facilities. If the Parties cannot agree upon a contractor and a contract price for the construction and installation of the Ski Facilities by the Contractor Selection Date, then either Party may terminate this Agreement at any time after the Contractor Selection Date by delivering written notice to the other Party, which termination shall be effective immediately upon receipt of such notice by the other Party, and neither Party shall thereafter have any further rights or obligations arising under this Agreement, except as expressly set forth herein. If the Parties mutually agree to a contractor and a contract price in accordance with the foregoing process, then Paladin shall be responsible for paying all costs in connection with the construction and installation of the ski towers, ski terminals, chairs, cables, electronics and related equipment (collectively, the "Tramway") and other Required Ski Facilities Equipment (including, without limitation, all costs to disassemble and transport the PCMR Equipment to the new location within the Paladin Development), and also the ski runs, snow making equipment, and other portions of the Ski Facilities. Notwithstanding anything contained in this Agreement to the contrary, PCMR shall be entitled to supervise all work related to the construction of the Ski Facilities. The construction of the Tramway shall be performed

and completed, to the extent possible, in coordination with Paladin's projects in the Paladin Development.

13. Operating Permits. Within ninety (90) days after Paladin and PCMR have reasonably agreed that construction of the Tramway is complete, but in any event no later than the date when the Tramway is open to the public, PCMR, at its sole cost and expense, and with the cooperation of Paladin, shall use commercially reasonable efforts to obtain all necessary operating permits, licenses and approvals as may be required from applicable authorities, including, without limitation, a final certificate of approval for the Tramway issued by the Utah State Tramway Board ("**Utah Tramway Board**") (collectively, the "**Operating Permits**") for the operation of Ski Facilities or the Minimum Ski Facilities, as the case may be. PCMR shall, at its sole cost and expense, renew such Operating Permits as are required from time to time in connection with the operation of the Ski Facilities; *provided, however*, that in no event shall PCMR be required to renew any Operating Permits if the Ski Facilities are not being used as contemplated by this Agreement. Copies of all the Operating Permits, and any renewals thereof, shall be delivered to Paladin by PCMR immediately after PCMR obtains the same.

14. Ownership of Tramway. To the extent that any Paladin Equipment is used for the Tramway, upon completion of construction of the Tramway, issuance of all Operating Permits and the acceptance of the Tramway by PCMR, all right, title and interest in and to the Tramway shall be transferred to PCMR (hereinafter, the "**Transfer of Ownership**"). The Transfer of Ownership shall be by Bill of Sale and Assignment acceptable to PCMR and Paladin, and the Transfer of Ownership shall be subject to any lien or security interest (the "**Paladin Financing Security Interest**") encumbering such Paladin Equipment as security for any financing obtained by Paladin to acquire such Paladin Equipment; *provided, however*, that Paladin shall be solely responsible for paying all amounts in connection with such financing and shall cause to be placed in any financing documents in connection with such financing provisions stating that any foreclosure and/or repossession of any such Paladin Equipment cannot be carried out by any lender during any calendar year prior to the date during such calendar year on which PCMR elects to close the entire PCMR Resort for skiing, snowboarding or other winter sport related purposes. At such time as the Paladin Equipment ceases to be utilized, operated and maintained by PCMR as part of the PCMR Resort, then PCMR shall have the duty and obligation to transfer to Paladin all right, title and interest of PCMR in and to the Tramway (free and clear of all liens, claims and encumbrances, other than the Paladin Financing Security Interest), if Paladin requests such transfer in writing within thirty (30) days after the date the Paladin Equipment ceases to be utilized, operated and maintained by PCMR as part of the PCMR Resort.

15. Re-Opening of Temptation Ski Run. PCMR's obligation to re-open the "**Temptation Ski Run**", as shown on the attached **Exhibit C**, shall be conditioned on satisfaction of each of the following:

(a) All the conditions of this Agreement must have been satisfied, including, without limitation, the Planning Conditions and the Land Use Conditions;

(b) Construction shall have been completed on that portion of the Ski Facilities that PCMR deems necessary and appropriate, in its sole discretion, for operating the Temptation Ski Run;

- (c) PCMR shall have obtained all the Operating Permits;
- (d) Transfer of Ownership shall have occurred; and
- (e) The Temptation Ski Run has been mutually agreed by the Parties to be part of the Minimum Ski Facilities.

16. **Operation and Maintenance.** Commencing on the date that: (a) all conditions under this Agreement have been satisfied; (b) construction of the Tramway is completed; (c) all final certificates and permits have been issued as required hereunder for the operation and use of the Ski Facilities as part of the PCMR Resort, including without limitation the Operating Permits; and (d) Transfer of Ownership has occurred, PCMR and Paladin shall execute an operating agreement ("the **Operating Agreement**") wherein the Parties will agree to terms and conditions for the maintenance and operation of the Ski Facilities. The Operating Agreement shall provide contain, among other things, the following provisions:

(a) **Water for Snow Making.** PCMR shall provide, at its cost and expense, all water necessary to operate the snow making equipment for the Ski Facilities, if such water is available to PCMR without affecting its snow making activities for the remainder of the PCMR Resort. Notwithstanding the foregoing, if PCMR cannot provide such water without affecting PCMR's snow making activities for the remainder of the PCMR Resort, PCMR shall notify Paladin of such inability, and Paladin may elect, at its sole cost and expense, to pay for all water necessary to operate the snow making equipment for the Ski Facilities, if such water is available.

(b) **Term.** PCMR shall operate the Ski Facilities as part of the PCMR Resort for a period of twenty (20) years, with PCMR having the option to renew such operating arrangement for four (4) successive terms of ten (10) years each.

(c) **Maintenance of Ski Facilities.** PCMR shall, at its cost and expense, maintain and repair the Ski Facilities in a good condition in accordance with the same standards PCMR uses to repair and maintain other similar ski facilities at the PCMR Resort, and as may from time to time be required in order to comply with the provisions of all laws, statutes, ordinances and regulations affecting the Ski Facilities, including, without limitation, any requirements of the Utah Tramway Board.

(d) **Operation of Ski Facilities.** PCMR shall operate the Ski Facilities in accordance with the same standards PCMR uses to operate other similar facilities at the PCMR Resort. Subject to the foregoing, PCMR shall have sole and exclusive control over the operational policies pertaining to the Ski Facilities including, without limitation, policies and decisions relating to operation, maintenance, snowmaking and grooming of trails and runs. During such time that PCMR is operating the Ski Facilities, PCMR shall provide at its cost and expense the grooming and maintenance of the ski trails comprising a part of the Ski Facilities and the appropriate ski patrol personnel for the Ski Facilities as an integrated part of the PCMR Resort.

(e) **Ticket Office.** As part of its obligations under the Operating Agreement, Paladin shall provide to PCMR, pursuant to a lease on a form and on terms that are mutually agreeable to the Parties, an appropriate amount of space within a building in the Paladin

Development (or within a stand-alone kiosk located in the Paladin Development) for a ski lift ticket office, and a location for the offering by PCMR of ski concierge services. The size, location and configuration of such ski lift ticket office, ski concierge facility and ATM ticket facility shall be mutually agreeable to Paladin and PCMR. PCMR shall also be responsible to operate and to staff the ski lift ticket office as an integrated part of the PCMR Resort.

(f) Retail Space Option. Paladin shall grant to PCMR the option to lease a mutually agreed upon amount of retail space within the Paladin Development on terms that are mutually agreeable to Paladin and PCMR.

(g) Costs.

(i) PCMR shall be responsible to pay all of the costs actually incurred and documented by PCMR arising solely from the periodic permitting, operation and maintenance of the Ski Facilities as described above (the "Ski Facilities O&M Costs"), and PCMR shall be entitled to retain the full amount of all gross revenues from the sale of lift tickets within the Paladin Development (the "Ski Facilities Lift Ticket Revenue"). Notwithstanding the foregoing, during each ski season, to the extent that the Ski Facilities Lift Ticket Revenue is less than the Ski Facilities O&M Costs documented and certified by PCMR for such ski season, then Paladin shall be obligated to pay to PCMR within thirty (30) days from PCMR's invoice to Paladin the difference (the "Ski Facilities Lift Ticket Revenue Shortfall") between the Ski Facilities O&M Costs for such ski season and the Ski Facilities Lift Ticket Revenue for such ski season. If Paladin fails to pay the Ski Facilities Lift Ticket Revenue Shortfall as and when required, PCMR shall have the right to terminate the Operating Agreement.

(ii) Until such time as Paladin shall have sold 45 units in the Paladin Development, Paladin shall pay PCMR's written estimate of the amount of the Ski Facilities Lift Ticket Revenue Shortfall, in advance, prior to the commencement of each ski season. PCMR shall reasonably determine the projected Ski Facilities Lift Ticket Revenue Shortfall for the upcoming ski season on or before October 1 of each such season. Paladin shall pay to PCMR the estimated amount of the Ski Facilities Lift Ticket Revenue Shortfall within thirty (30) days from PCMR's submission of the written estimate therefor to Paladin. If Paladin fails to pay the estimated Ski Facilities Lift Ticket Revenue Shortfall as and when required, PCMR shall have no obligation to operate the Ski Facilities for the upcoming ski season, and shall also have the right to terminate the Operating Agreement. Within thirty (30) days following the conclusion of such ski season, PCMR shall provide to Paladin a written report setting forth the actual Ski Facilities O&M Costs and the Ski Facilities Lift Ticket Revenue for such ski season and the actual amount of any Ski Facilities Lift Ticket Revenue Shortfall for such ski season. If additional amounts are owed from Paladin to PCMR as a result of the actual Ski Facilities Lift Ticket Revenue Shortfall for such ski season, Paladin shall be obligated to pay to PCMR within thirty (30) days from PCMR's invoice to Paladin the difference between the actual Ski Facilities Lift Ticket Revenue Shortfall and the estimated amount of the Ski Facilities Lift Ticket Revenue Shortfall that was previously paid to PCMR by Paladin. If the accounting delivered to Paladin by PCMR at the conclusion of such ski season indicates that the amount of the estimated Ski Facilities Lift Ticket Revenue Shortfall paid previously to PCMR by Paladin exceeds the actual amount of the Ski Facilities Lift Ticket Revenue Shortfall for such ski season, then PCMR shall reimburse to Paladin the amount of such overpayment, which reimbursement shall accompany the written

accounting delivered to Paladin by PCMR for the actual Ski Facilities Lift Ticket Revenue Shortfall pertaining to such ski season. After Paladin has sold at least 45 units in the Paladin Development, Paladin shall no longer have an obligation to pay the estimated amount of the Ski Facilities Lift Ticket Revenue Shortfall, but shall pay the actual amount of the Ski Facilities Lift Ticket Revenue Shortfall as described in Section 16(g)(i) hereof.

(h) PCMR Records. PCMR shall keep and maintain, at its offices at the PCMR Resort, full, complete and proper books, records, reports and accounts ("Records") with respect to the Ski Facilities O&M Costs and the Ski Facilities Lift Ticket Revenues for each month. PCMR shall retain the Records with respect to each month for not less than two years. Paladin, or its duly authorized representatives, shall have access to the Records at all reasonable times at such location as PCMR reasonably determines for the purpose of examining and, if Paladin so elects, auditing the same. If any such audit by Paladin discloses that an error was made in the calculation of the Ski Facilities Lift Ticket Revenue Shortfall paid to PCMR by Paladin for any ski season during the term of this Agreement, then PCMR or Paladin, as the case may be, shall make the appropriate payment to the other within thirty (30) days following the conclusion of any such audit, in order to correct any such error in the payment of the Ski Facilities Lift Ticket Revenue Shortfall.

(i) Waiver and Indemnities.

(i) Paladin Indemnification of PCMR. Paladin agrees that PCMR shall not be liable for any damage or liability of any kind or for any injury to or death of persons, or damage to property of PCMR, or any other person caused, directly or indirectly, by the performance or failure to perform by Paladin, its agents and employees, of Paladin's obligations under this Agreement or the gross negligence or willful misconduct of Paladin, its agents and employees, and Paladin hereby agrees to indemnify, defend, protect and hold PCMR harmless from all losses, costs, damages, claims and liability whatsoever on account of any such damage or injury, and from all liens, claims and demands arising, directly or indirectly, out of the performance or failure to perform by Paladin, its agents and employees, of Paladin's obligations under this Agreement, or the gross negligence or willful misconduct of Paladin, its agents and employees, unless such losses, costs, damages, claims or liability are caused by the gross negligence or willful misconduct of PCMR.

(ii) PCMR Indemnification of Paladin. PCMR agrees that Paladin shall not be liable for any damage or liability of any kind or for any injury to or death of persons, or damage to property of Paladin, or any other person occurring as a result of the use, operation or maintenance of the Ski Facilities caused, directly or indirectly, by the performance or failure to perform by PCMR, its agents and employees, of PCMR's obligations under this Agreement or the gross negligence or willful misconduct of PCMR, its agents and employees, and PCMR hereby agrees to indemnify, defend, protect and hold Paladin harmless from all losses, costs, damages, claims and liability whatsoever on account of any such damage or injury, and from all liens, claims and demands arising, directly or indirectly, out of the performance or failure to perform by PCMR, its agents and employees, of PCMR's obligations under this Agreement, or the gross negligence or willful misconduct of PCMR, its agents and employees, unless such losses, costs, damages, claims or liability are caused by the gross negligence or willful misconduct of Paladin.

(j) **Insurance.** PCMR and Paladin hereby covenant and agree that they shall each carry and maintain, at their sole cost and expense, respectively, the types of insurance indicated below in the required amounts, specified durations, and in the form hereinafter provided for:

(i) **By Paladin.** Commencing upon the execution of any construction contracts in connection with the construction and installation of the Ski Facilities (or any portion thereof) and continuing during the construction of the Ski Facilities, Paladin shall obtain and maintain comprehensive general liability or commercial general liability insurance insuring the Paladin Equipment and the interests of the Parties against claims for personal injury, bodily injury, death and property damage occurring to the Paladin Equipment during the construction of the Ski Facilities, with a "Combined Single Limit" (covering personal injury liability, bodily injury liability and property damage liability) of not less than \$5,000,000.00 for total claims for any one occurrence. Upon completion of construction of the Ski Facilities and after Transfer of Ownership, Paladin shall have no further obligation to carry liability insurance with respect to the Paladin Equipment. Prior to commencing construction of the Ski Facilities, Paladin shall obtain all-risk property insurance covering the Paladin Equipment, insuring against loss or damage by fire and the perils commonly covered under the standard extended coverage endorsement, including earthquake, flood, vandalism, malicious mischief and theft, for not less than the "full replacement cost" thereof and in an amount sufficient to avoid coinsurance. Any policy proceeds payable in respect of the Paladin Equipment shall be used for the repair or replacement of the property damaged or destroyed, unless this Agreement shall cease and terminate under the provisions hereof. Upon completion of construction of the Ski Facilities and after Transfer of Ownership, Paladin shall have no further obligation to carry property insurance with respect to the Paladin Equipment.

(ii) **By PCMR.** Upon commencing construction of the Ski Facilities (including any disassembly and/or removal of PCMR Equipment in connection with the construction and installation of the Ski Facilities), PCMR shall obtain and maintain in full force and effect at all times, subject to immediate reimbursement from Paladin upon demand therefor for the cost thereof (but Paladin's reimbursement obligation with respect to such insurance shall cease upon the completion of the construction of the Ski Facilities), comprehensive general liability or commercial general liability insurance insuring the PCMR Equipment and the interests of the Parties against claims for personal injury, bodily injury, death and property damage occurring on, in or about the Ski Facilities, and the property immediately adjoining the Ski Facilities, with a "Combined Single Limit" (covering personal injury liability, bodily injury liability and property damage liability) of not less than \$5,000,000.00 for total claims for any one occurrence. Immediately following completion of construction of the Ski Facilities and continuing thereafter throughout the term of this Agreement and the Operating Agreement, PCMR shall obtain and maintain in full force and effect at all times comprehensive general liability or commercial general liability insurance insuring the Ski Facilities and the interests of the Parties against claims for personal injury, bodily injury, death and property damage occurring on, in or about the Ski Facilities, and the property immediately adjoining the Ski Facilities, with a "Combined Single Limit" (covering personal injury liability, bodily injury liability and property damage liability) of not less than \$5,000,000.00 for total claims for any one occurrence. Upon completion of construction of the Ski Facilities and continuing thereafter throughout the term of this Agreement, PCMR shall obtain all-risk property insurance covering the Ski Facilities

and all of the improvements, alterations or additions to the Ski Facilities, insuring against loss or damage by fire and the perils commonly covered under the standard extended coverage endorsement, including earthquake, flood, vandalism, malicious mischief and theft, for not less than the "full replacement cost" thereof (less any applicable deductible amount) and in an amount sufficient to avoid coinsurance. Any policy proceeds payable in respect of the Ski Facilities shall be used for the repair or replacement of the property damaged or destroyed, unless this Agreement shall cease and terminate under the provisions hereof. PCMR shall also obtain and maintain in full force and effect at all times when PCMR is operating and maintaining the Ski Facilities all other insurance required in accordance with applicable laws governing the ownership, operation and maintenance of the Ski Facilities. PCMR's deductible under any such insurance shall not exceed \$10,000.00 for property risk insurance and \$25,000.00 for boiler and machinery coverage, which includes engine failure.

(iii) Form of Policies. All policies of insurance carried by PCMR and Paladin pursuant to this Agreement shall be issued by insurance companies which have a Best's Rating of "A" or better and are included within Best's Financial Size "Class VIII" or larger in the most current available "Best's Insurance Reports," and which are qualified to do business in the State of Utah and shall contain only commercially reasonable deductibles. Insurance certificates evidencing the parties' compliance with the insurance requirements herein (collectively, the "Certificates") shall be delivered to PCMR and to Paladin with respect to both liability insurance and casualty insurance as follows: (i) Paladin shall deliver to PCMR the Certificates with respect to the insurance to be obtained by Paladin prior to commencement of construction of the Ski Facilities, and (ii) PCMR shall deliver to Paladin the Certificates with respect to the insurance to be obtained by PCMR prior to the commencement of the construction of the Ski Facilities. Any time after completion of construction, PCMR shall deliver the Certificates with respect to the insurance to be obtained by PCMR to Paladin within thirty (30) days of any written request therefor by Paladin. All policies of insurance or Certificates must specify thereon the amount of the deductible, if any, and shall contain a provision that the company writing the policy shall give written notice to Paladin and to PCMR in advance of any cancellation or lapse of the effective date or any reduction in the amounts of insurance. All liability and property/casualty policies shall be written as primary policies. PCMR and Paladin shall each cause the insurance companies issuing their respective policies to waive any subrogation such insurance companies may have against the other Party, and PCMR and Paladin shall both waive any right that either Party may have against the other on account of any loss or damage to the extent that the loss or damage is insured under their respective insurance policies.

(k) Paladin Development Rights. Paladin shall have the right to sell, grant, transfer, assign and/or lease non-exclusive easements over, under, along and across all or any portion of the land within the Paladin Development used for the Ski Facilities for any or all of the retained rights and uses under the Easement Agreement so long as the same do not materially interfere with the rights of PCMR under the Easement Agreement.

(l) Termination. The Operating Agreement shall contain a provision setting forth that if the Easement Agreement and the Operating Agreement are in full force and effect on the first day of a particular ski season, in no event shall the Easement Agreement or the Operating Agreement be terminated by Paladin, its successors or assigns, prior to the date PCMR

elects to close the entire PCMR Resort for skiing, snowboarding or other winter sport-related purposes (at the end of such particular ski season).

17. Assignment.

(a) By PCMR. PCMR shall have the right to assign its rights, duties and obligations under this Agreement to any successor owner or operator of the PCMR Resort, provided that any such successor, owner or operator shall acknowledge such assignment of rights and assumption of obligations and agree in writing to be bound by the terms of this Agreement. PCMR shall give thirty (30) days advance written notice to Paladin of any such assignment.

(b) By Paladin. Paladin shall have the right to assign its rights, duties and obligations under this Agreement in connection with (i) the sale of all or substantially all of Paladin's interest in and to the Paladin Development occurring as part of one transaction, provided such buyer shall acknowledge such assignment of rights and assumption of obligations and agrees in writing to be bound by the terms and provisions of this Agreement; or (ii) a loan obtained by Paladin for the development of the Paladin Development and the assignment of such rights to a lender as collateral security for such loan, provided that any such lender must agree in writing to be bound by the terms of this Agreement in the event the lender enforces its rights under the loan security documentation. Paladin shall give thirty (30) days advance written notice to PCMR of any such assignment.

(c) Effect of Assignments. Upon any such transfer and assignment and written acknowledgment and assumption thereof pursuant to this Section 17, the assignor shall be relieved of all obligations under this Agreement arising from and after the date of such assignment, but shall continue to be responsible for all obligations under the Agreement arising prior to the date of assignment.

(d) PMCR Right to Assign to Lenders. PCMR shall have the right to assign its rights under this Agreement to any lender in connection with any collateral assignment or other security agreement with respect to any loan obtained from time to time on the PCMR Resort or other property owned by PCMR or any of its affiliates. In connection with the foregoing, whenever Paladin is required to serve notice of PCMR's default, written notice shall also be served at the same time upon any lender under any loan or mortgagee under any mortgage or any beneficiary under any deed of trust whose name and address have been provided to Paladin in writing. Such lender, mortgagee or beneficiary shall have the periods of time within which PCMR has to cure its default under this Agreement, plus a period not to exceed twenty (20) days, to cure any such default by PCMR. Any representative of the lender, mortgagee or beneficiary shall have the right to enter upon the PCMR Resort or the Paladin Development, as the same may be reasonably necessary, for the purpose of curing PCMR's default, subject to the applicable terms of this Agreement. Such lender, mortgagee or beneficiary shall notify PCMR and Paladin in the manner provided herein of the address of such lender, mortgagee or beneficiary to which such notice shall be sent, and the agreements of Paladin hereunder are subject to prior receipt of such notice. Paladin shall be entitled to the same rights set forth in this Section 17(d) with respect to financing obtained by Paladin.

18. Attorneys' Fees. In the event that at any time after the date hereof either Paladin or PCMR shall institute any action or proceeding against the other to enforce or interpret the provisions of this Agreement, then the prevailing party in such action or proceeding shall be entitled to recover from the other party the reasonable attorneys' fees and all costs and disbursements incurred therein. For purposes of this Section 18, a prevailing party shall include, without limitation, a party who brings an action against the other party by reason of the other party's breach or default and who obtains substantially the relief sought, whether by compromise, settlement or judgment.

19. General Provisions.

(a) Captions/Terms/Number/Gender. The headings of the Sections contained herein are for convenience only and do not define, limit, or construe their contents. When required by context, the singular includes the plural, and the neuter gender includes a person, corporation, firm or association.

(b) Notices. Wherever in this Agreement it shall be required or permitted that notice or demand be given or served by any party to this Agreement to or on the other party hereto, such notice or demand shall, except as otherwise provided herein, not be deemed to be given or served unless such notice is in writing and is personally delivered, or forwarded by certified or registered mail, or sent for next-day delivery through a courier or delivery company maintaining delivery records and providing nationwide service, addressed to the addressee at the address specified below. Any parties may change such address by written notice to the other party given at least 10 days prior to the effective date of the change.

If to Paladin: Paladin Development Partners, LLC
P.O. Box 4233
Park City, Utah 84060-4223
Attn: Christopher Conabee and Rory Murphy

With a copy to: Parsons Behle & Latimer
201 South Main Street, Suite 1800
P.O. Box 45898
Salt Lake City, Utah 84145
Attn: Craig Terry, Esq.

If to PCMR: Greater Park City Company d/b/a
Park City Mountain Resort
P. O. Box 4646
Park City, Utah 84060
Attn: President

With a copy to: Snell & Wilmer, LLP
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101
Attn: Cary D. Jones, Esq.

(c) Relationship of the Parties. Nothing herein shall be deemed or construed by the parties or by any third party as creating the relationship of principal and agent or of partnership or of joint venture between Paladin and PCMR.

(d) Authority. The individuals who execute this Agreement represent and warrant that they are duly authorized to execute this Agreement on behalf of Paladin and PCMR, as the case may be, that the parties named are all the necessary and proper parties, and that no other signature, act or authorization is necessary to bind such entity to the provisions of this Agreement.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

(f) Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the Party obligated to perform, shall excuse the performance by such Party for a period equal to any such prevention, delay or stoppage. Notwithstanding any provision in this Section 19(f), despite any event of force majeure whatsoever as described in this Section 19(f), in no event shall the Contractor Selection Date be extended due to any such force majeure event beyond December 1, 2005.

(g) Counterpart and Facsimile Signatures. This Agreement may be executed in counterpart, each of which shall be considered an original and together shall be considered one and the same Agreement. Facsimile signatures are specifically authorized and shall be binding on all parties.

(h) Severability. To the extent any term or provision hereof is determined by a court of competent jurisdiction to be unenforceable, invalid or illegal, such term or provision shall be deemed severed herefrom and shall not render this Agreement or the remainder of its terms unenforceable, invalid or illegal.

(i) No Third Party Rights. The obligations of the Parties set forth herein shall not create any rights in and/or obligations to any other persons or entities.

(j) Further Documentation. This Agreement is entered into by both Parties with the recognition and anticipation that subsequent agreements implementing and carrying out the provisions of this Agreement may be necessary. The Parties agree to negotiate in good faith, execute and deliver all such subsequent agreements.

(k) Entire Agreement. It is expressly agreed that this Agreement contains all of the terms, conditions and agreements of the Parties hereto relating to the subject matter hereof,

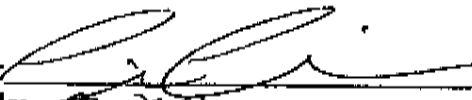
and that there are no prior agreements or understanding of these Parties concerning the subject matter hereof and that the terms of this Agreement cannot be changed, altered or modified except in writing, signed by the Parties hereto.

(l) Successors and Assigns. Subject to Section 17, this Agreement shall bind the heirs, personal representatives, successors and assigns (including any successors or assigns by merger, consolidation, sale of assets or other transfer of any kind) of the Parties.

IN WITNESS WHEREOF, Paladin and PCMR have duly executed this Ski Lift Development Agreement to be effective as of the day and year set forth above.


PALADIN:

Paladin Development Partners, L.L.C.,
a Utah limited liability company

By: 
Title: President

PCMR:

Greater Park City Company, a Utah corporation
doing business as Park City Mountain Resort

By: 
Title: President - G.M.

**EXHIBIT A
TO
SKI LIFT DEVELOPMENT AGREEMENT**

Legal Description of the Paladin Development

A parcel of land located in Summit County, Utah, situated in the southeast quarter of Section 8, Township 2 South, Range 4 East, Salt Lake Base and Meridian, being more particularly described as follows:

Beginning at a point that is South 396.80 feet and West 1705.14 feet from the East quarter corner of Section 8, Township 2 South, Range 4 East, Salt Lake Base and Meridian, said point being a 5/8" rebar on the westerly right-of-way line of Three Kings Drive, as described on the Arsenic Hall Annexation Plat, recorded no. 345954 in the office of the Summit County Recorder, said point also being on a curve to the left having a radius of 625.00 feet of which the radius point bears North 71°08'49" East; and running thence southeasterly along said right-of-way line the following three (3) courses: (1) southeasterly along the arc of said curve 352.91 feet through a central angle of 32°21'09"; thence (2) South 51°12'20" East 141.13 feet to a point on a curve to the right having a radius of 290.00 feet, of which the radius point bears South 38°47'40" West; thence (3) along the arc of said curve 70.86 feet through a central angle of 14°00'00"; thence along the southwesterly right-of-way line of Three Kings Drive and along the arc of a 680.00 foot radius curve to the left, of which the chord bears South 47°16'17" East 235.91 feet; thence along the westerly boundary of the Dedication Plat of Three Kings Drive and Crescent Road, recorded no.116010 in the office of the Summit County Recorder, the following eight (8) courses: (1) South 57°12'20" East 39.07 feet to a point on a curve to the right having a radius of 495.00 feet, of which the radius point bears South 32°47'40" West; thence (2) along the arc of said curve 324.24 feet through a central angle of 37°31'50"; thence (3) South 19°40'30" East 385.45 feet to a point on a curve to the left having a radius of 439.15 feet, of which the radius point bears North 70°19'30" East; thence (4) along the arc of said curve 112.97 feet through a central angle of 14°44'21" to a point of reverse curve to the right having a radius of 15.00 feet, of which the radius point bears South 55°35'09" West; thence (5) southerly along the arc of said curve 22.24 feet through a central angle of 84°57'02" to a point of compound curve to the right having a radius of 54.94 feet, of which the radius point bears North 39°27'49" West; thence (6) westerly along the arc of said curve 115.99 feet through a central angle of 120°57'49"; thence (7) North 08°30'00" West 31.49 feet to a point on a curve to the left having a radius of 105.00 feet, of which the radius point bears South 81°30'00" West; thence (8) along the arc of said curve 378.43 feet through a central angle of 206°30'00" to a point on the easterly line of a Park Properties, Inc. parcel, Entry no. 129128, Book M73, Page 31, in the office of the Summit County Recorder; thence along the easterly boundary of said parcel the following five (5) courses: (1) North 42°30'00" West 220.00 feet; thence (2) North 11°00'00" West 235.00 feet; thence (3) North 21°32'29" West 149.57 feet

(deed North 21°30'00" West 150.00 feet) to a 5/8" rebar; thence (4) North 42°30'49" West 195.18 feet (deed North 42°30'00" West 195.29 feet) to a 5/8" rebar; thence (5) North 89°57'46" West 225.95 feet (deed West 224.19 feet) to a 5/8" rebar; thence along the boundary of a Park Properties, Inc. parcel, Entry no. 324886, Book 565, Page 717, in the office of the Summit County Recorder the following three (3) courses: (1) North 02°45'19" East 99.92 feet (deed North 100.20 feet) to a 5/8" rebar; thence (2) North 89°51'20" West 496.04 feet to a 5/8" rebar; thence (3) North 89°35'52" West 481.94 feet (deed North 89°45'00" West 992.17 feet for courses (2) and (3)) to a point on the west line of the southeast quarter of Section 8, Township 2 South, Range 4 East, Salt Lake Base & Meridian; thence along said quarter section line North 00°15'24" West 407.62 feet to a point on the Bernolfo Family Limited Partnership parcel, Entry no. 470116, Book 1017, Page 262, in the Office of the Summit County Recorder, thence North 89°59'54" East 482.91 feet (deed East 493.92 feet) to a point on the Vince D. Donile parcel, Entry no. 423999, Book 865, Page 287, in the Office of the Summit County Recorder, said point being a 5/8" rebar and cap; thence along said parcel the following five (5) courses: (1) South 89°59'49" East 358.30 feet (deed East 358.35 feet) to a point on a non tangent curve to the right having a radius of 110.00 feet, of which the radius point bears South 88°41'47" East (deed South 88°44'18" East); thence (2) northerly along the arc of said curve 24.32 feet (deed 24.14 feet) through a central angle of 12°39'58" to a 5/8" rebar and cap; thence (3) North 13°46'17" East 49.98 feet (deed North 13°50'00" East 50.00 feet) to a 5/8" rebar and cap on a curve to the right having a radius of 60.00 feet (chord bears North 27°16'47" East 28.00 feet); thence (4) northeasterly along the arc of said curve 28.26 feet (deed 28.27 feet) through a central angle of 26°59'09" to a 5/8" rebar and cap; thence (5) North 40°46'38" East 83.23 feet (deed North 40°50'00" East 83.24 feet) to the point of beginning.

The basis of bearing for the above description is South 00°16'20" West 2627.35 feet between the Northeast corner of Section 8, and the East quarter corner of Section 8, Township 2 South, Range 4 East, Salt Base & Meridian.

**EXHIBIT B
TO
SKI LIFT DEVELOPMENT AGREEMENT**

List of Milestones Dates

Effective Date means September 1, 2004.

Preliminary Planning Meeting to be held no later than September 21, 2004.

Preliminary Plan Submission Date means October 21, 2004.

Preliminary Plan Response Date means November 21, 2004.

Plan Approval Date means January 21, 2005.

Required Ski Facilities Date means February 21, 2005.

Land Use Approvals Date means April 1, 2005.

Equipment Selection Deadline means December 31, 2005.

Contractor Selection Date means June 1, 2005.

**EXHIBIT C
TO
SKI LIFT DEVELOPMENT AGREEMENT**

Map Showing the Location of the Temptation Ski Run

