

Entry No. 112832	Book M30
RECORDED 3-19-71 9:31M	Page 319-340
IN WITNESS whereof, Bagley, Cornwall	
Fee	WANDA Y SPRINGS, SUMMIT CO RECORDER
\$ 36.00	By Wanda Y Springs
INDEXED	ABSTRACT

L E A S E

(RESORT AREA)

THIS LEASE, made and entered into as of January 1, 1971, by and between UNITED PARK CITY MINES COMPANY, a Delaware corporation (hereinafter designated "Lessor"), and TREASURE MOUNTAIN RESORT COMPANY, a Utah corporation (hereinafter designated "Lessee"),

WITNESSETH:

FOR AND IN CONSIDERATION of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Lessor by Lessee, receipt of which is hereby acknowledged by Lessor and, in consideration of the covenants and agreements hereafter set forth to be kept and performed by the parties hereto, Lessor hereby demises, leases and lets to Lessee the real property situated in Summit County, State of Utah, which is described in Exhibit "A," attached hereto and by this reference made a part hereof, expressly excepting and reserving to UPC all ores and minerals situated in, upon or under said real property together with all rights in connection with or relative to the mining, removal and sale of the same.

TO HAVE AND TO HOLD unto Lessee, its successors and assigns, for a primary term of twenty (20) years from the date of possession provided for in Paragraph 3 hereof and for so long thereafter as such term may be extended as hereinafter provided.

In consideration of such leasing and of the covenants and agreements hereinafter set forth, it is mutually agreed

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by and between the parties hereto as follows:

1. Lessee shall have the right to use the real property described in Exhibit "A" hereto, which real property is hereinafter designated the "Leased Premises," for the construction, development and operation of ski lifts, ski runs and other winter and summer recreational and resort facilities and uses incident or related thereto, excluding, however, cabins and like structures. In addition, Lessee shall have the right to permit others to graze livestock on the Leased Premises during the summer months, provided that such grazing shall be subject to all terms and conditions herein contained. Lessee agrees that it will not utilize the Leased Premises for any purposes other than those specified in this Paragraph 1 without the written consent of Lessor having been first had and obtained.

2. Lessee agrees to pay to Lessor as rental for the Leased Premises with relation to each calendar year during the term hereof, and pro rata for the portions of years at the beginning and end of the term hereof, an amount equal to the higher of:

- (a) One percent (1%) of the first One Hundred Thousand Dollars (\$100,000.00) of lift revenue (as that term is hereinafter defined) received during said calendar year and one-half of one percent (.50%) of all lift revenue in excess of \$100,000.00

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received during said calendar year. The term "lift revenue" as used herein shall mean and refer to the gross amount received by Lessee, or others, from the sale of lift tickets or other charges for utilization of ski lifts, gondolas, tramways, tows and other similar facilities, any portion of which is situated upon or traverses any portion of the Leased Premises, excluding from said revenue any sales taxes paid or payable to the State of Utah in connection therewith, or

- (b) Fifty cents (50¢) per acre per year for each acre comprising the Leased Premises.

Within sixty days following the close of each calendar year during the term of this Lease, Lessee shall deliver to Lessor a statement setting forth in reasonable detail the lift revenue received during the preceding calendar year. Concurrently with the delivery to Lessor of such statement, Lessee shall make payment to Lessor of the rentals payable with relation to the calendar year covered by said statement, determined as hereinabove in this Paragraph 2 provided.

Lessee agrees that it will maintain, and will require that any other party utilizing any portion of the Leased Premises maintain, accurate books and records as to all lift revenue resulting from operations upon the Leased Premises

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and that it will permit, and will make effective arrangements whereby any other party utilizing the Leased Premises will permit, duly authorized representatives of Lessor to examine and audit said books and records at reasonable times and places within the State of Utah.

3. Possession, risk of damage and responsibility for the Leased Premises shall be delivered to Lessee on the date it takes possession under the Purchase Agreement executed concurrently herewith. Lessee acknowledges that it is familiar with the Leased Premises and agrees to accept possession of the same in their present condition. Further, Lessee agrees to maintain the Leased Premises in as good condition as when possession thereof is received by Lessee, normal wear and tear and damage by the elements excepted. Lessee agrees that it will not destroy or remove shrubbery, trees and other vegetation growing on the Leased Premises, or alter the surface thereof, except to the extent that it is necessary or desirable in connection with the maintenance, expansion or construction of ski runs, lift facilities and other facilities and improvements which are presently situated, or which Lessee elects to construct or install, upon the Leased Premises. Under no circumstances shall Lessee have the right without the written consent of Lessor to blast or excavate to a depth of more than one hundred feet beneath the surface

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of the Leased Premises, or take any other action which will or might affect subsurface structures or mining operations upon the Leased Premises, without the express written consent of Lessor having been first had and obtained.

4. Lessee agrees that all operations upon or in connection with the Leased Premises will be conducted in accordance with good business practices and standards generally accepted in the industry and in a safe manner. Lessee agrees that it will comply with all federal, state and local laws, rules and regulations applicable to the Leased Premises or operations conducted upon or in connection with the Leased Premises, including but not limited to the provisions of the statutes of the State of Utah relating to passenger tramways, and all applicable laws, rules and regulations of any duly constituted authority relating to avalanche control and safety.

5. Lessee agrees that it will at all times during the term of this Lease, purchase and maintain public liability and property damage insurance designating Lessee and Lessor as the insured parties and covering the Leased Premises as well as all operations upon the Leased Premises, which insurance shall be issued by a company or companies acceptable to Lessor, and shall have limits of liability not less than as follows:

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Public Liability:

Each Person	\$ 500,000.00
Each Occurrence	5,000,000.00

Property Damage:

Each Occurrence	\$ 100,000.00
Aggregate Liability	1,000,000.00

Products Liability:

Each Person	\$ 500,000.00
Each Occurrence	1,000,000.00

Lessee agrees that it will furnish to UPC a certificate or certificates issued by the appropriate insurance company or companies certifying that such insurance is in effect and agreeing that such insurance will not be cancelled without giving at least ten days' advance written notice to Lessor. Failure to maintain such insurance shall be deemed to constitute a default hereunder.

6. Lessee agrees that it will at all times during the term of this Lease, carry and maintain such insurance covering all persons working in, on or in connection with the Leased Premises as will fully comply with the requirements of the applicable laws of the State of Utah covering Workmen's

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Compensation and Occupational Disease and Disability and that it will comply with the terms and provisions of all applicable laws of the United States and of the State of Utah pertaining to Social Security, unemployment compensation, wages, hours and conditions of labor. Lessee agrees that it will indemnify, defend and hold Lessor harmless from payment of any damages or other liability occasioned by failure of Lessee to comply with said laws.

7. Lessee agrees that it will assume, pay and discharge any and all liabilities, claims or demands arising out of labor or materials furnished to or for the benefit of Lessee, or the Leased Premises, or in any way connected with activities or work upon the Leased Premises, and that it will maintain the Leased Premises free and clear of any and all liens, claims or encumbrances of any type or description whatsoever arising out of the failure of Lessee to make such payments when due. Lessee agrees that prior to commencement of construction of any addition to, alteration or repair of, any building, structure or improvement upon the Leased Premises, it will obtain and deliver to Lessor a bond issued by an insurance company acceptable to Lessor, meeting the requirements of Section 14-2-1, Utah Code Annotated, 1953, and guaranteeing the prompt payment for materials furnished and labor performed in connection with said construction, addition, alteration or repair.

8. Lessee agrees that it will at all times during the term of this Lease pay all taxes which are levied or assessed against the Leased Premises as well as any improvements,

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activities or operations thereon. The real property taxes for the calendar year during which possession of the Leased Premises is delivered to Lessee shall be prorated as of the date of delivery of possession of the Leased Premises to Lessee as hereinabove provided. Lessee agrees that it will furnish to Lessor at least five (5) days before the final date upon which payment thereof becomes due, receipts or other evidence satisfactory to Lessor indicating that such taxes have been paid. The provisions of this Paragraph 8 shall not limit or restrict the right of Lessee to contest in good faith by appropriate proceedings, any taxes which it feels are illegal or improperly assessed, provided that such action shall not place the title to the Leased Premises in jeopardy.

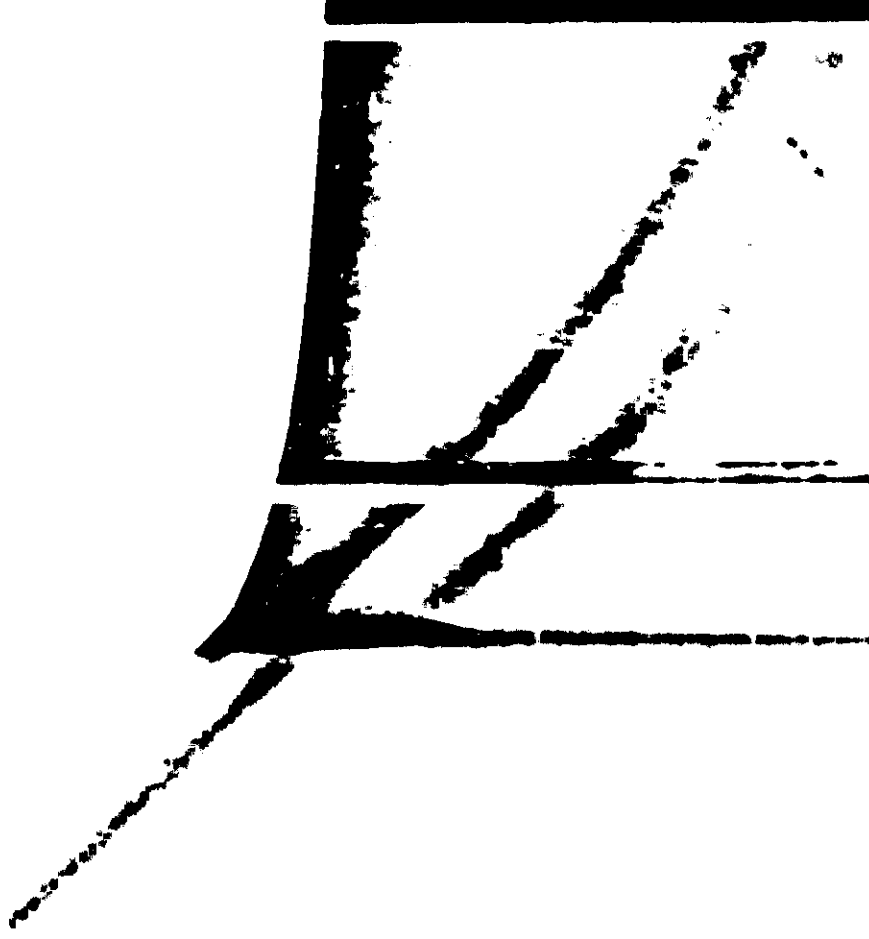
9. The parties acknowledge that the Leased Premises are subject to the terms of various mortgage deeds, loan agreements and other instruments and documents (hereinafter collectively designated the "SBA Mortgage") executed to secure payment by Lessor of amounts due pursuant to a certain Note, dated November 28, 1962, executed by Lessor and payable to the order of Small Business Administration (on behalf of Economic Development Administration) in the original principal amount of \$1,232,000.00, with interest on the unpaid balance thereof at the rate of 4% per annum (hereinafter designated the "SBA Note"). Lessor agrees that, so

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long as Lessee pays when due all amounts due hereunder and under the Purchase Agreement described in Paragraph 12 hereof and fulfills all obligations of Lessee hereunder and under said Purchase Agreement, Lessor will make payment of all amounts which become due under said SBA Note and will comply with all of its obligations under the SBA Note and the SBA Mortgage, except to the extent that such obligations are the type which would appropriately be applicable to Lessee by reason of its being in possession of the Leased Premises, and of the real and personal properties described in and which are the subject of said Purchase Agreement, as to which obligations, Lessee agrees that it will assume and fulfill the same. Lessee further agrees that it will comply with all obligations, covenants and restrictions contained in the SBA Note and the SBA Mortgage which are or may be applicable to the Leased Premises and to the operations or activities of Lessee thereon, or with relation thereto.

10. Lessor specifically excepts and reserves all ores and minerals situated in, upon or under the Leased Premises, together with all rights in connection with or relating to the mining, removal or sale of the same, including but not limited to the right to enter upon and utilize such portion of the Leased Premises as it deems necessary or desirable for the purpose of exploring for, developing, mining and removing said ores and minerals.



Lessee, on its own behalf and on behalf of its successors in interest in ownership of any rights under this Lease or with relation to the Leased Premises, hereby releases, remises and forever waives any claim which it or they have or might hereafter have against Lessor or its successors in interest in ownership of the minerals situated in, upon or under the Leased Premises or any party which acquires the right to mine or remove said minerals, arising out of damage to the Leased Premises or any improvements or facilities situated thereon, whether such claim, liability or damage results from subsidence of the surface of the Leased Premises or any other action taken by Lessor or its successors or such parties who mine or operate said Leased Premises, except that Lessor shall be liable for prompt repair or replacement of damaged or destroyed improvements or facilities resulting from affirmative acts of Lessor. Lessee agrees that the rights of Lessor pursuant to this paragraph shall constitute a covenant running with the leasehold estate created hereby.

Lessor agrees that it will to the extent that it can reasonably do so without additional expense or other detriment to Lessor, conduct all exploration for and development and mining of minerals from the Leased Premises in such a manner as will not unreasonably interfere with operations conducted or contemplated to be conducted by Lessee thereon, or the facilities or improvements situated thereon.

Lessor agrees that it will at all times during the term of this Lease, purchase and maintain public liability and property damage insurance designating Lessor and Lessee as the insured parties and covering all operations of Lessor upon the Leased Premises, which insurance shall be issued by a company or companies acceptable to Lessee, and shall have limits of liability not less than as follows:

Public Liability:

Each Person	\$ 500,000.00
Each Occurrence	5,000,000.00

Property Damage:

Each Occurrence	\$ 100,000.00
Aggregate Liability	1,000,000.00

Products Liability:

Each Person	\$ 500,000.00
Each Occurrence	1,000,000.00

Lessor agrees that it will furnish to Lessee a certificate or certificates issued by the appropriate insurance company or companies certifying that such insurance is in effect and agreeing that such insurance will not be cancelled without giving at least ten (10) days' advance written notice to Lessee. Failure to maintain such insurance shall be deemed to constitute a default hereunder.

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11. Authorized representatives of Lessor shall have the right, at reasonable times and at the sole risk of Lessor and such representatives, to enter upon the Leased Premises and any improvements or facilities thereon for the purpose of inspecting the same and all operations and activities being conducted in connection therewith.

12. The parties acknowledge that, concurrently with the execution and delivery hereof, the parties have executed and delivered a certain Purchase Agreement (hereinafter designated the "Purchase Agreement") between Lessor, as "UPC," and Lessee, as "TMRC," dated as of January 1, 1971, and providing for the purchase by Lessee from Lessor of certain tracts of real property situated in Summit County, Salt Lake County, and Wasatch County of the State of Utah, certain resort facilities which are situated partially upon the Leased Premises, and certain personal property used in connection with the said resort facilities. The parties agree that, in the event of termination of said Purchase Agreement, whether at the election of Lessor as a result of default by Lessee under the terms of the Purchase Agreement in accordance with Paragraph 11 thereof, or for any other reason other than payment by Lessee of the full purchase price payable under the terms of the Purchase Agreement, this Lease shall terminate concurrently with the termination of the Purchase Agreement. Such termination shall occur without the necessity of any notice from Lessor to Lessee pursuant to

Paragraph 15 hereof, or any other action by Lessor pursuant to this Lease.

13. This Lease is executed by Lessor without warranties or representations as to title or otherwise. It is agreed that this Lease shall relate only to such titles as Lessor has in and with relation to the Leased Premises and Lessor shall have no liability or obligation to Lessee in the event that Lessee should for any reason be divested of possession of any portion of the Leased Premises by persons claiming or holding title thereto.

Lessee acknowledges and agrees that it has examined the Leased Premises and conducted such investigations and studies with relation thereto as it deems advisable and has satisfied itself as to the nature and condition of the Leased Premises and all pertinent factors with relation thereto. Lessee acknowledges that Lessor has made no warranties or representations as to the Leased Premises of any type whatsoever. Lessee agrees that it will accept the Leased Premises in the conditions in which they now exist without representation or warranty, express or implied, in fact or by law, by Lessor and without recourse against Lessor as to the nature, condition or usability thereof or the uses to which the Leased Premises may be put.

14. In the event that Lessor should receive from a

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third party an offer to purchase any portion of the Leased Premises, other than portions upon which facilities or improvements constructed or utilized by Lessee are at the time of such offer situated (as to which portions Lessor shall not be free to sell) and in the event that Lessor should desire to accept said offer, it shall give written notice thereof to Lessee, which notice shall set forth the portions of the Leased Premises which are the subject of said offer, the purchase price and all other material terms and conditions contained in said offer. Lessee shall have the right for a period of thirty days following the effective date of said notice to purchase the portion of the Leased Premises as to which said offer relates, as set forth in the notice from Lessor, for a purchase price and upon terms and conditions equivalent to those contained in said offer. In the event that Lessee elects to exercise said right, it shall give written notice of said fact to Lessor within the thirty-day period provided. Concurrently with the delivery of said notice to Lessor, Lessee shall make payment to Lessor of a purchase price equivalent to that set forth in the notice from Lessor and the parties shall promptly thereafter execute and deliver such instruments and documents as are reasonably necessary to transfer to Lessee the portion of the Leased Premises described in the notice from Lessor and to obligate Lessee to the terms and conditions contained in said offer as set forth in the notice from Lessor to Lessee.

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In the event that Lessee should fail to exercise said option and give such notice within the thirty-day period provided, Lessor shall have the right to make sale of the portion of the Leased Premises described in the notice to Lessee, to the party and on the terms and conditions set forth in said notice. In the event of sale of a portion of the Leased Premises to the Lessee or to a third party pursuant to this Paragraph 14, this Lease shall be deemed terminated with relation to the portion of the Leased Premises so sold by Lessor, said property shall for all purposes hereof be deemed to have been deleted from the Leased Premises and shall no longer be subject to the terms or conditions of this Lease.

15. Should any default in any of the terms or provisions hereof occur, Lessor shall give written notice to Lessee designating such asserted default. Lessee shall thereafter have a period of thirty (30) days following the effective date of such notice within which to correct the defaults of which it has received notice. Should Lessee fail to correct said defaults within said thirty-day period, Lessor may, at its election, upon written notice to Lessee, cancel and terminate this Lease provided, however, that unless the asserted default involves nonpayment of rent, failure to maintain insurance or failure to pay taxes and if the asserted default is contested by Lessee, then the remedy of cancellation and termination shall be available to UPC only thirty (30) days after final legal adjudication establishing such default, unless such default

be cured within such thirty (30) days.

It is agreed that in addition to the remedy of cancellation and termination, as hereinabove in this Paragraph 15 provided, Lessor shall have the right, by appropriate legal action, to compel specific performance by Lessee of its obligations hereunder, to enjoin any default or breach by Lessee which would or might result in irreparable damage or injury to the Leased Premises or to Lessor, or to recover damages from TMRC arising out of such breach or default.

16. In the event that Lessee shall default in the payment of any taxes, assessments, insurance premiums, liabilities arising out of labor or materials furnished to or for the benefit of Lessee or the Leased Premises or any other amounts which Lessee is obligated to pay to third parties hereunder, Lessor may, at its option, pay the same, in which event, Lessee agrees that it will, upon demand, reimburse Lessor for all amounts so paid by Lessor together with interest thereon from the date paid by Lessor to the date upon which Lessor receives reimbursement thereof, at the rate of seven percent (7%) per annum.

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17. Any notice herein contemplated to be given to Lessor shall be sufficient if given in writing by registered or certified mail or if given by Western Union Telegraph and, in either case, addressed to:

United Park City Mines Company  
309 Kearns Building  
Salt Lake City, Utah 84101

with a copy to:

Mr. Clark L. Wilson  
United Park City Mines Company  
1849 West North Temple  
Salt Lake City, Utah 84116

or to such other address or addresses as Lessor shall hereafter designate to Lessee in writing.

Any notice herein contemplated to be given to Lessee shall be sufficient if given in writing by registered or certified mail or if given by Western Union Telegraph and, in either case, addressed to:

Treasure Mountain Resort Company  
C/o Royal Street Development Company, Inc.  
500 Newport Center Drive  
Newport Beach, California 92660

with a copy to:

Adam Y. Bennion, Esq.  
Mackay, McGregor & Bennion  
523 West Sixth Street, Suite 828  
Los Angeles, California 90014

or to such other address or addresses as Lessee shall hereafter designate to Lessor in writing.

Notices by mail shall be deemed effective and complete at the time of posting and mailing in accordance herewith.

Notices by telegraph shall be deemed effective and complete

at the time of delivery thereof to the telegraph company for transmission.

18. Lessor hereby gives and grants to Lessee the right and option to extend the term of this Lease for a period of twenty years following the expiration of the primary term hereof, such extension to be upon the same terms and conditions as are herein contained. In the event that Lessee shall elect to exercise said option to extend the term of this Lease, it shall give written notice of such election to Lessor at least sixty (60) days prior to the expiration of the primary term of this Lease.

19. Upon termination of this Lease, all buildings, structures, facilities and improvements situated upon and which are affixed to the soil of the Leased Premises shall become the property of Lessor and Lessee shall thereafter have no rights therein or with relation thereto. All machinery, equipment, personal property and supplies not affixed to the soil shall remain the property of Lessee and Lessee shall remove the same from the Leased Premises within sixty days following the effective date of such termination.

20. Lessee shall not have the right to sell, assign, transfer or sublet any portion of its rights under this Lease, or any interest herein, without the written approval of Lessor having been first had and obtained.

21. Subject to the restrictions contained in Paragraph 20 hereof, this Lease is and shall be binding upon and inure

to the benefit of the parties hereto and their respective successors and assigns.

22. This Lease shall be interpreted in accordance with the laws of the State of Utah.

DATED the day and year first above written.

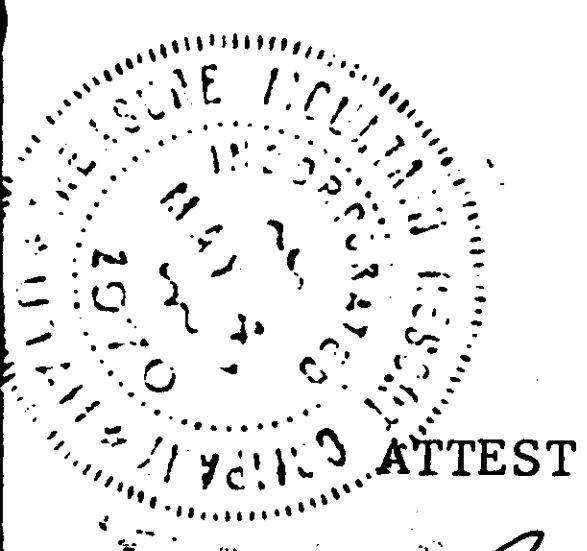
UNITED PARK CITY MINES COMPANY

By *S. M. Cornwall*  
Vice President

  
ATTEST:  
*E. L. Orlin*  
Secretary

TREASURE MOUNTAIN RESORT COMPANY

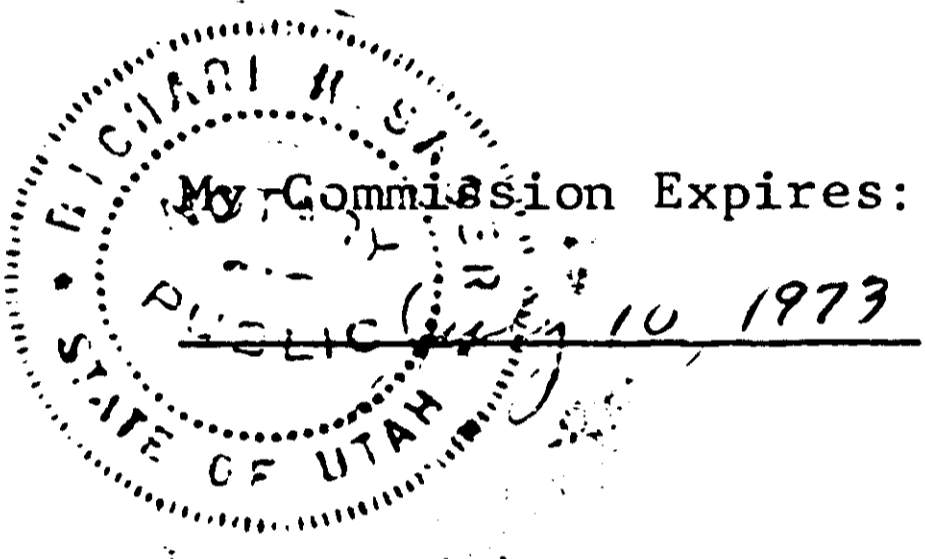
By *Warren King*  
President

  
ATTEST:  
*Adam G. Bennion*  
Secretary

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STATE OF UTAH            )  
                                  : ss.  
COUNTY OF SALT LAKE )

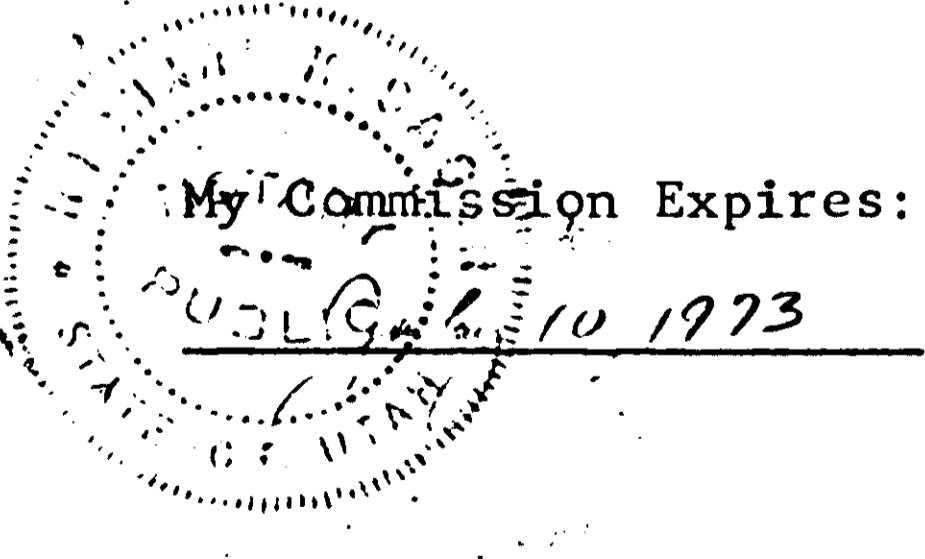
On the 16<sup>th</sup> day of February, 1971, personally appeared before me S. N. CORNWALL, who, being by me duly sworn, did say that he is the Vice President of UNITED PARK CITY MINES COMPANY, a Delaware corporation, and that the within and foregoing Lease was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and said S. N. CORNWALL acknowledged to me that said corporation executed the same.



Richard H. Sager  
Notary Public  
Residing at Salt Lake City, Utah

STATE OF UTAH            )  
                                  : ss.  
COUNTY OF SALT LAKE )

On the 16<sup>th</sup> day of February, 1971, personally appeared before me J. WARREN KING, who, being by me duly sworn, did say that he is the President of TREASURE MOUNTAIN RESORT COMPANY, a Utah corporation, and that the within and foregoing Lease was signed in behalf of said corporation by authority of a resolution of its Board of Directors, and said J. WARREN KING acknowledged to me that said corporation executed the same.



Richard H. Sager  
Notary Public  
Residing at Salt Lake City, Utah

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EXHIBIT "A"

DESCRIPTION OF LEASED PREMISES ATTACHED TO LEASE  
(RESORT AREA) DATED AS OF JANUARY 1, 1971, BETWEEN  
UNITED PARK CITY MINES COMPANY, AS "LESSOR," AND  
TREASURE MOUNTAIN RESORT COMPANY, AS "LESSEE"

All real property owned by Lessor which is situated  
in the following sections, townships and ranges:

Township 2 South, Range 4 East, Salt Lake Meridian

Section 1: NE $\frac{1}{2}$ , SW $\frac{1}{2}$   
Section 2: E $\frac{1}{2}$ , SW $\frac{1}{2}$   
Section 8: SE $\frac{1}{4}$   
Section 9: S $\frac{1}{2}$   
Section 10: SW $\frac{1}{4}$   
Section 15: NE $\frac{1}{4}$ , S $\frac{1}{2}$   
Section 16: W $\frac{1}{2}$ , SE $\frac{1}{4}$   
Section 18: E $\frac{1}{2}$ , SW $\frac{1}{4}$   
Section 19: All  
Section 20: All  
Section 21: All  
Section 23: All  
Section 24: All  
Section 26: N $\frac{1}{2}$   
Section 27: N $\frac{1}{2}$   
Section 28: All  
Section 29: All  
Section 30: All  
Section 31: All  
Section 32: All  
Section 33: NE $\frac{1}{4}$

Township 2 South, Range 3 East, Salt Lake Meridian

Section 24: E $\frac{1}{2}$   
Section 25: E $\frac{1}{2}$ , SW $\frac{1}{4}$   
Section 26: S $\frac{1}{2}$   
Section 27: SE $\frac{1}{4}$   
Section 35: E $\frac{1}{2}$ , SW $\frac{1}{4}$   
Section 36: All

Signed for Identification:

Lessor: By *[Signature]*

Lessee: By *[Signature]*

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excepting and excluding therefrom the following portions of said real property:

(a) All properties included in the Development Properties described in and which are the subject of that certain Purchase Agreement dated as of January 1, 1971, between United Park City Mines Company, as "UPC," and Treasure Mountain Resort Company, as "TMRC."

(b) All properties described as "Surface Mining Installations" on Pages 49 and 51 to 66 inclusive of Exhibit A to that certain Indenture dated April 15, 1970, between United Park City Mines Company, as "UPC," and Park City Ventures, as "Lessee," recorded in Book M27, Pages 233 to 362 inclusive, Records of Summit County, Utah, Book 70, Pages 155 to 285 inclusive, Records of Wasatch County, Utah, and Book 2910, Pages 357 to 485, Records of Salt Lake County, Utah.

Signed for Identification:

Lessor: By *[Signature]*

Lessee: By *[Signature]*

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