

SETTLEMENT AGREEMENT BETWEEN TRIMONT LAND COMPANY AND SKI TRAILS CONDOMINIUM OWNERS' ASSOCIATION

This document constitutes an Agreement between Trimont Land Company and Ski Trails Condominium Owners' Association ("Ski Trails") setting forth the mutually acceptable terms of the parties' settlement of that certain lawsuit pending in Superior Court of the State of California, County of Placer, identified as Case No. SCV 17644 (the "Lawsuit"). For the purposes of this Agreement, references to "Trimont Land Company" shall include Booth Creek Ski Holdings, Inc. The parties mutually agree that actions shall be taken and documents shall be prepared to accomplish the following objectives:

1. Prescriptive Easements to be Replaced by Recorded Easements for Village and Condo Runs.
 - a. Trimont Land Company will survey and stake the areas covered by the prescriptive easements for the Village and Condo Runs and will provide to Ski Trails legal descriptions of the areas covered by the easements.
 - b. After verifying the boundaries of the areas to be covered by the easements, Ski Trails will provide to Trimont Land Company written and recordable easements for Village and Condo Runs in a form reasonably satisfactory to Trimont Land Company.
 - c. Trimont Land Company will provide an agreement to defend, indemnify, hold harmless and insure Ski Trails for any lawsuits, claims or settlements arising out of its operations on the areas within the easements, excepting any acts of misconduct, recklessness, or negligence by Ski Trails, its individual members, or its agents.
 - d. The parties expressly agree to the following uses and limitations on use of the easement over Condo Run:
 - i. Prohibiting bicycles and motorcycles on Condo Run;
 - ii. Prohibiting motor vehicles on Condo Run all year (except Winter use of (A) slope grooming vehicles, (B) vehicles used in snowmaking operations, and (C) snowmobiles if needed in an emergency; and year-round use of vehicles related to the maintenance of the Village Express Lift); and
 - iii. Allowing use of Condo Run for snow sports and non-vehicular recreational activities, such as individual or small groups of hikers.
2. Chairlift and Gondola Easements. Parties will replace in their entirety the existing easements contained in the Tract Plan for Northstar Unit 4 with amended and restated easements. Easements shall be for the express purposes of construction, erection, operation, maintenance, inspection, repair and replacement from time to time of

chairlifts, gondolas, and/or aerial tramway facilities and appurtenant facilities. The only limitation upon the usage of the chairlifts, gondolas, and/or aerial tramway facilities shall be the hours of operation, as set forth below.

- a. Village Express (formerly Echo Chairlift)
 - i. Hours of Operation:

7:00 a.m. to 6:00 p.m. year-round.
 - ii. 12 exceptions per year for use up to 10:00 p.m. No more than 6 exceptions will be exercised by Trimont Land Company between 5/1 – 10/31.
 - iii. Except in case of emergency usage, Trimont Land Company will provide advance notice to Ski Trails, through Trimont Land Company's (Northstar-At-Tahoe ski area) website and the Northstar cable network community access channel, of the times and dates of operation and anticipated exercise of exceptions. Trimont Land Company will make reasonable efforts to provide one month's notice of times and dates of operation, and in no event will provide less than one week's notice, except in the event of emergency usage in which case no advance notice will be required. Emergency usage shall not constitute an "exception." As used in this document, the term "emergency" shall refer to use necessary to address an immediate threat to health and safety.
- b. Gondola
 - i. Hours of Operation
 - (a) Summer Months (5/1 to 10/31)
 - (1) 6:00 a.m. to Midnight:

Friday, Saturday, Sunday, Holidays and Holiday Mondays.
(A Holiday Monday is defined as the Monday on which a Holiday is officially celebrated when the Holiday falls on a Saturday or Sunday. A Holiday is defined as Memorial Day, Fourth of July, Labor Day and Columbus Day).

6:00 a.m. to 10:00 p.m.:

Monday, Tuesday, Wednesday and Thursday (except for Holiday Mondays and Holidays).

- (b) Winter months (11/1 to 4/30)
 - (1) 6:00 a.m. to Midnight.
- (c) Exceptions
 - (1) 18 exceptions per year to allow operation until 2:00 a.m.
 - (2) No more than 9 exceptions will be exercised by Trimont Land Company between 5/1 – 10/31.
 - (3) Except in case of emergency usage, Trimont Land Company will provide advance notice to Ski Trails, through Trimont Land Company's (Northstar-At-Tahoe ski area) website and the Northstar cable network community access channel, of the times and dates of operation and anticipated exercise of exceptions. Trimont Land Company will make reasonable efforts to provide one month's notice of times and dates of operation, and in no event will provide less than one week's notice, except in the event of emergency usage in which case no advance notice will be required. Emergency usage shall not constitute an "exception."

c. Operations:

- i. Trimont Land Company shall utilize sound attenuating floor coverings in the Gondola cabins, such as Dynamat sheets, and to reasonably maintain towers to avoid any unusual or abnormal noise beyond that of ordinary operation.
- ii. Trimont Land Company will make reasonable efforts to clear the easement area of trash and debris discarded from lifts.
- iii. Trimont Land Company will make reasonable efforts to train lift operators to identify and exclude intoxicated and inappropriately behaving passengers from lifts.

- iv. Upon written request from Ski Trails, Trimont Land Company shall make available to Ski Trails for inspection, within a reasonable time, operational logs regarding hours of operation for any lifts, gondolas, or trams operating within the easement in order to verify compliance with the hours of operation set forth above. Trimont Land Company shall be required to allow such an inspection upon written request to settle a disagreement over the hours of operation, but no more often than four times per year.

3. Skier Tunnel

- a. Trimont Land Company will survey the area covered by the proposed Skier Tunnel Easement and will provide to Ski Trails a legal description of the area to be covered by the Skier Tunnel Easement.
- b. Ski Trails will provide a written, signed and recordable easement to Trimont Land Company, in a form reasonably satisfactory to Trimont Land Company, for a skier tunnel under a portion of Ski Trails' Common Area currently used as roadway (hereinafter the "Skier Tunnel Easement"). Trimont Land Company shall have the right to use the Skier Tunnel Easement for any and all purposes related to construction, maintenance, and use of the tunnel for winter and summer recreational uses; and any and all purposes related to maintenance operation of the mountain resort, including but not limited to access by maintenance vehicles, snow grooming vehicles, snowmaking vehicles, and other vehicles including but not limited to snowmobiles as needed for employee transport, incident response, and/or first aid. Trimont Land Company agrees that it will not use the Skier Tunnel Easement for storage of vehicles or equipment which are unrelated to construction of the skier tunnel.
- c. Trimont Land Company will provide an agreement to defend, indemnify, hold harmless and insure Ski Trails for any lawsuits, claims or settlements arising out of its operations on the area within the Skier Tunnel Easement, excepting any acts of misconduct, recklessness, or negligence by Ski Trails, its individual members, or agents.
- d. The plans for construction within the Skier Tunnel Easement shall be submitted by Trimont Land Company to the Ski Trails Board of Directors for architectural review, which approval shall not be unreasonably withheld or delayed. The parties shall seek a design that will provide an architecturally pleasing entrance into the Ski Trails property.
- e. Trimont Land Company shall provide the following to Ski Trails within two years of the execution by all parties of this Settlement Agreement or dismissal of the

Lawsuit (whichever occurs later), regardless of whether Trimont Land Company has begun construction of a Skier Tunnel within the Skier Tunnel Easement:

- i. An all-weather lighted footpath over the Ski Trails Common Area which provides access to the Village. The parties acknowledge that this footpath will cross a Northstar-At-Tahoe ski run and therefore, the portion which crosses a Northstar-At-Tahoe ski run will not be maintained or cleared of snow during the winter months. The parties also acknowledge that members and guests of Ski Trails may nevertheless use the trail year-round, at their own risk. Furthermore, due to the location of the pathway and the weather and snowfall the parties acknowledge that it would be impractical to attempt to maintain the pathway or attempt to keep it clear of snow and ice. For these reasons, neither party shall have any obligation or duty to maintain the pathway or clear it of snow or ice.
 - ii. Northstar will groom the ski run back to the Village in a manner that will not impede foot traffic on the pathway to the Village.
 - iii. A permanent ski in/ski out trail to be maintained by Northstar and groomed as appropriate from Home Run Trail into North Coyote Fork. This trail will be blocked during summer months (5/1-10/31) to prevent unauthorized use by wheeled vehicles.
- f. Trimont Land Company shall provide the following to Ski Trails, beginning within 60 days of the commencement of construction of a Skier Tunnel within the Skier Tunnel Easement:
- i. \$10,000 per year for twenty (20) years.
 - ii. Trimont Land Company shall provide for twenty (20) years, at no charge, the services of Northstar Security to Ski Trails, consistent with the services provided to Ski Trails as of the date of this agreement.
- g. In the event Trimont Land Company elects not to build the Skier Tunnel, Trimont Land Company will not be required to provide the payments or services set forth in section 3(f) above.
- h. Any dispute will be subject to mediation as set forth below.

4. Adaptive Management

- a. The parties shall meet as needed to address issues regarding the use of the easements referred to herein, including but not necessarily limited to noise abatement and litter cleanup within the Ski Lift Easements.
- b. The parties shall work cooperatively to address matters related to noise, litter and other issues which arise concerning the easements referred to herein.
- c. The parties will attempt to informally resolve any disputes arising under this Agreement, including the drafting, recording, scope, or use of the easements referred to herein, and the improvements referred to herein (including the lighted footpath, the skier tunnel, and the ski in/ski out trail). Each party will agree to give the other party prompt written notice of any problem, as well as a reasonable cure period and an opportunity to meet informally and in person within a reasonable amount of time of the notice in order to discuss a resolution of the problem. In the event the parties are unable to informally resolve any disputes regarding such easements, the parties shall address such disputes through a mutually acceptable mediator.
- d. All contacts for the adaptive management provisions of this Memorandum of Understanding shall be to the General Manager of Northstar-At-Tahoe for Trimont Land Company and to the Chair of the Ski Trails' Board of Directors.

5. Dismissal and Settlement

- a. Ski Trails will dismiss with prejudice the Lawsuit against all defendants (Trimont Land Company, Trimont Land Holdings, Inc., Booth Creek Ski Holdings, Inc., Northstar Mountain Properties, LLC and Does 1-100) in exchange for a waiver of costs and fees. Ski Trails will file the dismissal with prejudice of the Lawsuit within 30 days of the execution of this Agreement, but in no event any later than January 19, 2007. In the event that Ski Trails has not filed a dismissal with prejudice prior to the Placer County Superior Court's Order to Show Cause regarding Settlement hearing on January 22, 2007, Ski Trails expressly agrees, by executing this Agreement, that dismissal of the Lawsuit with prejudice is appropriate at that time.
- b. Trimont Land Company will dismiss with prejudice the cross-complaint against Ski Trails in exchange for a waiver of costs and fees.
- c. Trimont Land Company will agree to waive its costs and fees.

- d. The parties will execute all necessary agreements and releases to accomplish the foregoing, including without limitation the recordable easements as herein described.

6. Successors and Assigns

The terms, covenants and conditions herein contained shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

7. Entire Agreement

This Agreement constitutes the entire agreement of the parties. The easements set forth in this agreement will be drafted and recorded consistent with the terms and scope set forth herein. The Agreement shall not be amended, modified, or replaced except by a written instrument executed by all parties to this Agreement. This Agreement replaces and supercedes all prior written and oral agreements among the parties.

8. Choice of Law

This Agreement is made in the State of California and shall be governed, construed and interpreted in accordance with the laws of the State of California. Litigation over any dispute under this Agreement shall be filed in a court of competent jurisdiction in the State of California.

9. Authority to Execute

By executing this Agreement, each signatory affirms that he or she has all necessary authority to bind the respective parties and all parties necessary to implement the terms of this document.

Dated:

Ski Trails Condominium Owners' Association
President

Dated:

Trimont Land Company
President