AGREEMENT

WHEREAS, the City of Ashland, as lessor ("the City"), and the Mt. Ashland Association, as lessee ("the MAA"), on or about July 9, 1992, entered into the Mt. Ashland Ski Area Lease ("the Lease") a copy of which is attached hereto and marked as Exhibit "1";

WHEREAS, the City desires to surrender to the United States Department of Agriculture Forest Service Special Use Permit ("the Permit") as described in the Lease if a comparable permit is issued to MAA, and the MAA desires to have the Permit or a comparable permit issued to it;

WHEREAS, the City is the owner of certain improvements in and on that certain real property located on Mt. Ashland in Jackson County, Oregon, which is described in and is subject to the Permit ("the Permit Property");

WHEREAS, the City is the owner of certain personal property, fixtures, furnishings, inventory and items of equipment used in connection with the operation of the Mt. Ashland Ski Area and/or located on the Permit Property including but not limited those items described in the Lease and identified in Exhibit "B" to the Lease (the "Equipment"); and

WHEREAS, the City has determined that it would improve MAA's ability to provide winter recreation to the Rogue Valley, which is beneficial to the economy of the region if MAA became the holder of the Permit and the owner of the property; and

WHEREAS, the City has further determined that it would reduce the potential legal and financial liability of the City to convey the Permit and property to MAA; and

WHEREAS, the City has determined that conveying the Permit Property and Equipment to the MAA would further the public interest and the MAA desires to receive the Permit Property and the Equipment to use in the operation of the Mt. Ashland Ski Area;

Based on the foregoing and the mutual promises and covenants contained herein, the City and the MAA shall as soon thereafter as practicable accomplish the following:

1. The City will surrender the Permit to the Forest Service, and the MAA will apply for issuance of the Permit. The City agrees to assist reasonably the MAA in the process of issuing the Permit or a comparable permit to the MAA.

2. The City shall convey whatever interest it has, or by rights should have, in and to the Permit Property and the Equipment to the MAA by execution of a bill of sale for personal property and a statutory quitclaim deed for real property.

3. Upon issuance of the Permit or a comparable permit to the MAA, the provisions of the Lease shall have no further force or effect whatsoever, except that MAA will remain responsible for any amounts the City is required to pay pursuant to the Permit as a result of the City's surrender of the Permit.

4. The parties further agree that:

a) The City shall have the right annually to appoint one person to serve as a non-voting liaison to the Board of Directors of the MAA. The City's liaison will be provided with all information provided to directors, except that the City's liaison will not participate in personnel or legal matters.

b) MAA will provide the City with copies of all architectural, engineering, construction and logging plans, including without limitation any related environmental impact studies, relating to any improvements contemplated by MAA within the Permit Property, now or in the future. MAA will deliver such plans to the City no less than thirty (30) days prior to the commencement of any construction, earth movement or logging. Within 30 days of receiving the plans from the MAA, the City may but is not required to conduct a technical review of MAA's plans with respect to its impact on water quality, including without limitation erosion, sedimentation, stormwater, revegetation, watershed restoration, wetlands, and spill control. MAA agrees to confer with the City in good faith on any matters raised in a technical review relating to water quality. The City of Ashland may appoint a representative to provide daily on-site monitoring and inspection during any earth movement, logging or construction, and MAA agrees to provide access to the City's representative. MAA and the City will confer with the USDA Forest Service and any affected regulatory agencies if issues are identified during construction as ones that will affect water quality, erosion, sedimentation, and spill control.

c) MAA agrees to comply with any obligations imposed with respect to sedimentation in Reeder Reservoir in the July 2007 Total Daily Maximum Load (TMDL) document prepared by the Oregon Department of Environmental Quality to meet the requirements of Section 303(d) of the 1972 Federal Clean Water Act.

d) The Permit or a comparable permit will require MAA to maintain a "Restoration Amount," which shall mean and refer to the maintenance of available funds or assets by the MAA to cover area restoration in the unlikely event of the ski area closure. MAA agrees to increase the amount it maintains as the Restoration Amount on July 15 of every year by a percentage equal to the percentage increase of the US Department of Labor: Consumer Price Index, All Urban Consumers (CPI-U), U.S. City Average, CPI – All Items ("standard reference base period" 1982-84 = 100) in the previous twelve (12) calendar months. MAA further agrees that it shall at all times maintain the Restoration Amount (as increased pursuant to this paragraph) in unencumbered funds or assets, i.e., readily transferable assets subject to no lien. MAA shall ensure that any security interest in its assets that it has granted or may in the future grant excludes the funds maintained for the Restoration Amount.

e) The MAA agrees that it will not proceed with any logging, earth movement, or construction activities related to the portion of the expansion identified as Phase I until MAA has received a combination of cash contributions, binding financial commitments, and performance bonding necessary to cover the entire cost of the Phase I improvements. The final details of the projects included in Phase I will be defined by permits issued by the USDA Forest Service, but Phase I can generally be described as the Ski Run Settlement Sale, a chairlift with new lower intermediate and novice runs, a warming hut additional parking spaces, the widening of several existing runs, and 23 watershed restoration projects.

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f) The MAA agrees not to amend its articles of incorporation, without the express written consent of the City, in any way that would impair its current provision that, in the event the MAA dissolves, all of its assets which remain after MAA's creditor claims and other obligations are satisfied shall be distributed to the City.

g) The MAA agrees that in the event it dissolves, that none of its assets shall be distributed to a director, officer or other private person or private entity.

h) MAA agrees that it will not, without the express written consent of the City, which consent shall not be unreasonably withheld: (1) transfer or convey to another person or entity the Permit or the comparable permit issued to MAA as contemplated in this Agreement; or (2) enter into an agreement with any other person or entity whereby the rights and obligations under the Permit or the comparable permit issued to MAA as contemplated in this Agreement would be assumed by any other person or entity.

i) MAA will reimburse the City for the City's reasonable attorney fees and any other out-of-pocket expenses up to $7,500 incurred in connection with the negotiation and performance of this Agreement through the date the Forest Service issues the Permit or a comparable permit to MAA as contemplated in this Agreement or declines to issue such a permit. The City will provide MAA with a complete accounting of its attorney fees and out-of-pocket expenses within thirty (30) days after the Forest Service issues the Permit or a comparable permit to MAA as contemplated in this Agreement or declines to issue such a permit. MAA will pay the amount owed under this paragraph within ten (10) business days after the City delivers its accounting of those fees and expenses.

5. This Agreement is conditioned on the Forest Service issuing to MAA the Permit or a comparable permit and, with the exception of Paragraphs 3 and 4(i), shall be of no force or effect if that condition is not met on or before December 31, 2012.

6. Miscellaneous:

a) There are no oral agreements or representations between the parties hereto which affect this Agreement, and this Agreement supersedes and cancels any and all previous negotiations, arrangements, warranties, representations and understandings, if any, between the parties.

b) The paragraph headings set forth in this Agreement are set forth for convenience purposes only, and do not in any way define, limit or construe the contents of this Agreement.

c) If any provision of this Agreement shall be determined to be void by any court of competent jurisdiction, then that determination shall not affect any other provisions of this Agreement, and all such other provisions shall remain in full force and effect.

d) It is the intention of the parties that if any provision of this Agreement is capable of two constructions, only one of which would render the provision valid, then the provision shall have the meaning which renders it valid.

e) If suit or action is instituted in connection with any controversy arising out of this Agreement, the prevailing party in that suit or action or any appeal there from shall be entitled to recover, in addition to any other relief, the sum which the court may judge to be reasonable attorney fees.

f) Any notice required or permitted under this Agreement shall be deemed to have been given and delivered when personally delivered or when deposited in the United States mail, as certified mail, postage prepaid, and addressed to the last-known address of the party being provided with the notice.

g) The MAA may not assign its interest in this Agreement to any third party without the express written consent of the City. This agreement shall inure to the benefit of and shall be binding upon the City and any permitted successors and assigns of MAA.

h) This Agreement is being executed in two counterparts, each of which shall be an original, and both of which shall constitute a single instrument, when signed by both of the parties.

i) Waiver by either party of strict performance of any of the provisions of this Agreement shall not be a waiver of, and shall not prejudice the party's right to subsequently require strict performance of, the same provision or any other provision.

j) The consent or approval of either party to any act by the other party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any subsequent similar act.

k) This Agreement shall be governed and performed in accordance with the laws of the state of Oregon.

l) In the event of a dispute pertaining to this Agreement, the parties agree to attempt to negotiate in good faith an acceptable resolution prior to commencing litigation. If a resolution cannot be negotiated, then the parties agree to submit the dispute to voluntary non-binding mediation before commencing litigation. Each of the parties hereby irrevocably submits to the jurisdiction of the courts of Jackson County, Oregon, and agrees that any legal proceedings with respect to this Agreement shall be filed and heard in the appropriate court in Jackson County, Oregon.

Date: Oct 24 2011

MT. ASHLAND ASSOCIATION – LESSEE

By: Tom Mayer

Title: President MT Ashland

Date: Oct 25, 2011

CITY OF ASHLAND, OREGON – LESSOR

By: John Stromberg

Title: Mayor