

DEVELOPMENT AGREEMENT AND PROJECT AREA CONSENT

THIS DEVELOPMENT AGREEMENT AND PROJECT AREA CONSENT (herein the "Agreement") is entered into this 5th day of June 2012, by and between Blue Ledge Resort, LLC (herein "Landowner") and its successors and/or assigns and Military Installation Development Authority, a political subdivision of the State of Utah (herein "MIDA") (singularly, a "Party" or collectively, the "Parties") for the land located in the unincorporated area of Wasatch County as more particularly described herein.

RECITALS

WHEREAS, Landowner owns certain real property in Wasatch County, as described in Exhibit "A" (the "Property") on which development is planned (the "Project"); and

WHEREAS, pursuant to Title §63H Chapter 01 of the UTAH CODE ANNOTATED 1953, as amended ("MIDA Act"), MIDA is contemplating creating a project area in Wasatch County which would include the Property and military land ("Project Area"); and

WHEREAS, the Project Area would be created to promote the development of a military morale, welfare, and recreation facility and related amenities ("Recreation Facility"); and

WHEREAS, in order to create a project area that includes non-military land the owner of the land must consent to the inclusion of the land in the project area; and

WHEREAS, by entering into this Agreement, if MIDA determines to create the Project Area, Landowner consents to the inclusion of its Property into the Project Area under the terms of this Agreement;

WHEREAS, the MIDA Act authorizes MIDA to enter into a development agreement before the creation of a project area if the development agreement provides that the MIDA board "is not required to create a project area" and MIDA "may not be required to pay any amount or incur any loss or penalty for the board's failure to create a project area"; and

WHEREAS, MIDA, in the exercise of its discretion, has elected to approve this Agreement and be bound by its provisions; and

WHEREAS, Landowner has voluntarily represented to MIDA that it will enter into this binding Agreement and develop the Project in conformance with the development requirements set forth in this Agreement; and


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WHEREAS, development of the Project will generate tax increment that may be used both to develop infrastructure for the Project and development and operate the Recreation Facility under the terms and conditions described in this Agreement;

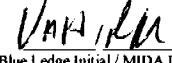
NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Affected Property**. The legal description of the Property is attached as Exhibit A. No additional property may be added to or removed from the Property for the purposes of this Agreement except by written amendment to this Agreement executed and approved by Landowner and MIDA.

2. **Consent of Landowner**. Landowner hereby irrevocably consents to the inclusion of the Property in Project Area that may be created by MIDA, pursuant to the MIDA Act, for the development and operation of a Recreation Facility. If MIDA has not created the Project Area by November 1, 2012 then the Landowner may withdraw its consent by providing written notice to that affect after November 1, 2012. Once a Project Area is created that includes Landowner's Property, even if it is created after November 1, 2012 and Landowner has not withdrawn its consent in accordance with this Section 2, then Landowner is forever prohibited from withdrawing from the Project Area.

3. **Project Area Creation**. In order to create a project area, MIDA must follow a public process, as outlined in the MIDA Act. By entering into this Agreement, MIDA is not committing to creating the Project Area. The MIDA board is not required to create the Project Area and MIDA shall not be required to pay any amount or incur any loss or penalty for the board's failure to create the Project Area. Landowner has no civil cause of action and withdrawal of its consent, pursuant to Section 2 above, is Landowner's sole remedy for MIDA's failure to create the Project Area.

4. **Vested Rights**. Landowner shall have an irrevocable vested right to develop the Property, as provided in Exhibit B. The Project shall not be subject to any moratorium. Development of the Project on the Property shall be subject to the subdivision and development standards adopted by MIDA after the Project Area is created. MIDA intends to adopt standards similar to those found in the current Wasatch County RSPA provisions applicable to the Property. The specific standards adopted shall be at the sole discretion of MIDA but such


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provisions shall allow for the Project to be developed with the densities and types of uses described in Exhibit B.

5. **Tax Increment.** Pursuant to the MIDA Act, the Project will generate tax increment from property taxes, sales taxes, and resort community taxes, as MIDA imposes the resort community tax and follows the requirements for collecting tax increment. If MIDA creates the Project Area, it plans to impose the resort community tax and collect the tax increment from the three taxes. MIDA is willing to use 30% of the tax increment generated from the Project towards infrastructure expenditures that assist in the development of the Project. Such expenditures must be justified and shown to MIDA to be needed for the development of the Project. The remaining 70% shall be used in MIDA's sole discretion to assist in the operation of MIDA and to assist in the development and operation of the Recreation Facility. Specific use of the tax increment generated from the Project is identified in Exhibit C.

6. **Compliance with Building Codes.** Landowner acknowledges and agrees that nothing in this Agreement shall be deemed to relieve it from the obligation to comply with the generally applicable adopted national building codes applicable throughout the Project Area at the time any construction occurs.

7. **Development Fees.** Landowner shall be subject to paying all subdivision, development, and building permit fees that are generally applicable in the Project Area at the time a subdivision, development, or building permit application is made.

8. **Agreement to Run With the Land.** This Agreement shall be recorded in the Office of the Wasatch County Recorder, shall be deemed to be a covenant running with the Property, shall encumber the same, and shall be binding on and inure to the benefit of all successors and assigns of Landowner in the ownership or development of any portion of the Property in perpetuity.

9. **Assignment.** Neither this Agreement nor any of the provisions, terms or conditions hereof can be assigned or transferred to any other party, individual or entity without assigning also the responsibilities arising hereunder.

10. **No Joint Venture, Partnership or Third Party Rights.** This Agreement does not create any joint venture, partnership, undertaking or business arrangement between the Parties hereto nor any rights or benefits to third parties.

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11. Integration. This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and integrates all prior conversations, discussions or understandings of whatever kind or nature and may only be modified by a subsequent writing duly executed and approved by the Parties hereto.

12. Exhibits Incorporated. The Exhibits to this Agreement (A, B, and C) are incorporated herein by the reference to them in this Agreement.

13. Notices. Any notices, requests, or demands required or desired to be given hereunder shall be in writing and emailed and shall be delivered personally to the Party for whom intended, or, if mailed by certified mail, return receipt requested, postage prepaid to the Parties as follows:

TO MIDA:

Rick Mayfield
Executive Director
450 Simmons Way
Suite 400
PO Box 967
Kaysville, UT 84037-0967
rjmayfield@msn.com

With a Copy to:

Paul Morris
MIDA General Counsel
5110 S. Ivybrook Circle
Murray, UT 84123
morris.pault@gmail.com

TO LANDOWNER:

Van A. Hemeyer
Blue Ledge Resort, LLC
2185 South Creekside Drive
Heber, UT 84032
vhemeyer@gmail.com

Any Party may change its address or email address by giving written notice to the other Party in accordance with the provisions of this section.

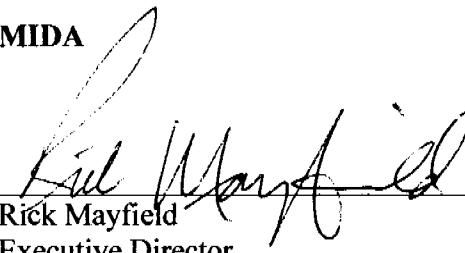

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14. **Law.** Any dispute regarding this Agreement shall be heard and settled under the laws of the State of Utah. Any disagreement, dispute or claim arising out of or relating to this Agreement which cannot be settled by the Parties shall first be attempted to be settled through mediation before any Party may file an action in court.

15. **Court Costs.** In the event of any litigation between the Parties arising out of or related to this Agreement, the prevailing party shall be entitled to an award of reasonable court costs, including reasonable attorney's fees.

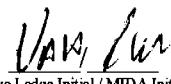
IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

MIDA


Rick Mayfield
Executive Director

ATTEST:


MIDA Staff


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Acknowledgement

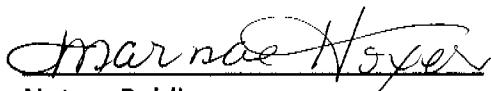
STATE OF UTAH

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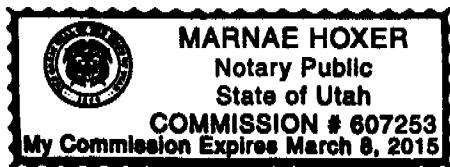
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COUNTY OF DAVIS)

On this 16th day of December, 2012, personally appeared before me Rick Mayfield, the Executive Director of the Military Installation Development Authority, personally known to, or whose identity has been satisfactorily established to me, who duly acknowledged to me that he had voluntarily executed the foregoing Development Agreement and Project Area Consent, dated June 5, 2012 for the purposes stated therein.



Notary Public

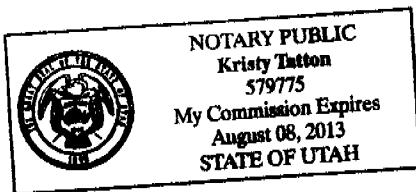


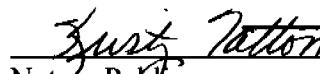
LANDOWNER
Blue Ledge Resort, LLC


Van Hemeyer
Manager

State of Utah)
:ss
County of Wasatch)

On this 15th day of June, ¹² 2008, personally appeared before
me Van Hemeyer, whose identity is personally known to me or proved to me on the
basis of satisfactory evidence, and who affirmed that he is the Manager of
Blue Ledge Resort LLC, by authority of its members or its articles of organization, and he
acknowledged to me that said entity executed the same.




Kristy Tatton
Notary Public

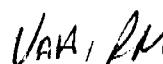

Van / VM
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EXHIBIT A
LEGAL DESCRIPTION OF BLUE LEDGE RESORT – THE “PROJECT”

THE FOLLOWING PATENTED LODE MINING CLAIMS LOCATED IN THE BLUE LEDGE AND SNAKE CREEK MINING DISTRICTS AND SITUATED IN WASATCH COUNTY, UTAH AS THE SAME ARE DESCRIBED AND DELINEATED IN THEIR RESPECTIVE PATENTS AND MINERAL SURVEYS: PIOCHE LOT 210 PIOCHE NO. 6 LOT 210

ALSO EXCEPTING ANY PORTION LYING WITHIN THE LANDS DESCRIBED IN THE AMENDED COMPLAINT IN CONDEMNATION RECORDED JULY 18, 1996, AS ENTRY NO. 188229, IN BOOK 327, AT PAGE 270, WASATCH COUNTY RECORDER'S OFFICE.

ALSO EXCEPTING ANY PORTION LYING WITHIN THE TRACTS CONVEYED TO USA BY WARRANTY DEED DATED SEPTEMBER 25, 1991, AS ENTRY NO. 157498, IN BOOK 233, AT PAGE 645, WASATCH COUNTY RECORDER'S OFFICE.

ALSO EXCEPTING THEREFROM ANY PORTION OF THE HEREIN DECRIBED LAND LYING WITHIN THE PARCEL DECRIBED AS THE POCATELLO GULCH SITE IN THE SPECAIL WARRANTY DEED FROM UNITED PARK CITY MINES CO. TO JORDANELLE SPECIAL SERVICE DISTRICT RECORED AUGUST 27, 2002 AS ENTRY NO. 248029, IN BOOK 573 AT PAGE 720.

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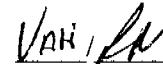

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EXHIBIT B
BLUE LEDGE VESTED RIGHT

1. Definitions.

A. "Commercial" means: The purchase, sale or transaction involving the disposition of any article, substance, commodity, or service; the maintenance or conduct of offices, professions, recreation, or amusement enterprises and intended to be conducted for profit and also including the renting of rooms, business offices, and sales display premises. All of these uses must be compatible with a high quality ski resort. Any residential units considered commercial (and therefore the ERU's are not counted) must be in a rental pool, have the availability of an on-site front desk, room service, and be professionally managed (all of these requirements shall be included in the CC&R's). All units must be deed restricted as a second home or commercial.

B. "Development Concept Plan" means the Plan shown in Attachment 1 to Exhibit B that indicates a preliminary level idea of where structures might lay out on the site, where access may be provided, general massing, scale, and circulation.

C. "Hotel" means a building containing Hotel Rooms for the occupancy of guests for compensation on a nightly basis and accessory facilities such as a lobby, meeting rooms, recreation facilities, group dining facilities, and/or other facilities or activities customarily associated with hotels, such as daily maid service. This term does not include Lockout Sleeping Room. Hotel Rooms can have a separate entrance leading directly from the outside of the building.

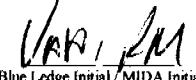
D. "Hotel Room" means a unit located in a Hotel, intended for temporary living and sleeping purposes that includes a separate exclusive bathroom.

E. "Lockout Unit" A sleeping room in a dwelling, Hotel, condominium unit, time share, or condominium rental apartment with separate or common access and toilet facilities but no cooking facilities except a hotplate, which may be rented independently of the main unit for nightly rental by locking interior access. A Lockout Unit shall not be sold independently from the main dwelling unit, and is not considered a unit when figuring ERU's.

F. "Recreation" means, without limitation, ski resort uses including lifts, skier services, ski patrol areas; trail systems, including trail heads, hiking and biking trails; and other recreation amenities and other non-residential uses which are compatible with a high quality ski resort.

2. Density. Landowner is entitled to the following density on the following terms and conditions:

A. Residential Uses: 54 Equivalent Residential Units (ERU) configured as desired, with a density value as follows:


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RESIDENTIAL USE	NOTES	ERU'S
One (1) Bedroom Unit	not to exceed seven hundred (700) sq. ft. including bathroom areas but not corridors outside of rooms	.33
One (1) or Two (2) Bedroom Unit	not to exceed one thousand (1,000) sq. ft. and not to exceed one and one-half (1 ½) baths	.50
Other Unit under 1,501 sq.ft.	not to exceed fifteen hundred (1,500) sq. ft.	.75
All other residential uses**	up to five thousand (5,000) sq. ft., plus an incremental increase	1.00

** Incremental increase will be one-tenth (.10) ERU per five hundred (500) square feet.

B. Hotel, Commercial, and Recreation Uses: Hotel, Commercial, and Recreation development is not counted against the total allowed ERUs for the Project and is not calculated as density. All development included as part of a commercial Hotel development (including but not limited to: meeting areas, circulation, support commercial, locker rooms, spas, restaurant/bars, ski and recreation uses, etc) are not calculated as density. Recreational and Commercial uses shall be developed as needed to support the resort (ski lifts, etc).

3. Land Use Regulations.

- A. MIDA's standards and guidelines regulating the land uses in the Project Area shall allow the Project to include the Permitted Uses described within this Exhibit along with new design and construction criteria that incorporates the terms of this Exhibit.
- B. MIDA shall adopt the density, design, and construction criteria set forth in the Exhibits as the preliminary density, design, and construction of the Project on the Property.

4. Permitted Uses. All uses defined in Sections 1 and 2 above are Permitted Uses. These uses include: Hotel, condominium, condo-hotel, townhome, time share, single-family, Commercial, retail, support uses to Hotel, spa, pool, eating and/or drinking establishments, bars, Lockouts, outdoor amphitheatres, all season trails, ski lifts and associated uses, ski resort and ski resort uses including day ski lodge, skier services, ski locker, maintenance and ski patrol, snowmaking, and other recreation components that are typical to ski resort and recreation hotel operations.

5. Surface Parking Lot. MIDA shall work with Utah Department of Transportation (UDOT) and any other necessary parties to have UDOT (and others if necessary) contribute the parcel of land east of the frontage road and adjacent to the Project for a surface parking lot with a


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minimum of 150 parking stalls. This lot is for the use of day skiers, Project employees, and Hotel overflow parking. MIDA cannot guarantee that UDOT will cooperate.

6. **Upper Development Access.** Access to the western (upper) area of the Project shall continue to be provided across adjacent property as detailed and approved in the June 21st, 2010 as the "Pioche-South Master Plan Agreement" as recorded with Wasatch County. The "Local Street Plan" was originally approved by Wasatch County and details the location and type of access provided to the Project from an adjacent land owner.

7. **Secondary and Emergency Access.** Due to the close proximity of the Project to the frontage road, US Highway 40 (a Federal Highway), and the Deer Crest access gate with vehicular access to Park City; no secondary or emergency access other than to the frontage road, as shown in the Development Concept Plan, shall be required for the Project. The Project shall be designed to have multiple access points from the Hotel/parking structure onto the frontage road in order to have easy and safe access.

8. **Affordable Housing.** The Project has no Affordable Housing requirements. Future phases of the MIDA Project Area may be required to develop or contribute to regional Affordable Housing needs; however, the Project shall not be subject to those requirements.

9. **Subdivision.** Subdivision of the Project can take place at any time and shall be completed by the MIDA following State regulations. A subdivision shall not take longer than 60 days from submittal of a complete application to MIDA approval.

10. **Dimensional Requirements.** The height of the Hotel may reach eighty (80) feet above final grade. Front setbacks from the structure to the road right-of-way are a minimum of 10 feet. Side setbacks from the structure (not including widows, decks, and other decorative design elements) shall be a minimum of 8 feet to the Property line. There are no rear setbacks as the development is located at the front of the Project adjacent to the frontage road with no development near rear Property lines. There are no internal setback requirements other than those determined by the International Building Codes adopted by MIDA.


John A. Linn
Blue Ledge Initial / MIDA Initial

11. Parking:

Minimum Parking Requirements for the Project	
Land Use	Parking Requirement
Condominium Hotel, Time Share	1 parking space per unit and .5 parking space per 2,000 sq ft of commercial space.
Dwellings, single-family attached (townhouses)	.5 parking space located within a garage, underground or a structure, required per bedroom. Minimum 1 parking space per ERU. Structures with more than 3 attached dwelling units shall provide visitor parking at least .25 additional spaces per bedroom. Visitor parking may be located on surface parking pads.
Dwellings, multifamily (condominiums)	.5 parking space located within a garage, underground or a structure, required per bedroom. Minimum 1 parking space per ERU. Structures with more than 4 attached dwelling units shall provide visitor parking at least .25 additional spaces per bedroom.
Hotel and Commercial	.5 parking space per unit and .25 parking space per 2,000 sq ft of commercial space. A minimum of 50% of the parking shall be provided as part of the hotel structure, the other 50% can be surface parking.
Day Skier Parking	If a Ski Lift is approved and constructed, the Project shall provide a minimum of 150 day skier parking stalls on a surface lot adjacent to the Hotel with access via pedestrian bridge or other convenient walkway. The 150 surface stalls may count toward the Hotel required parking and are expected to support the Hotel use and the ski use. This parking shall be provided only if UDOT contributes the land back to the Project.

ATTACHEMENT 1 TO EXHIBIT B
DEVELOPMENT CONCEPT PLAN



VAR / JLR

Blue Ledge Initial / MIDA Initial

MAY 2004

Ent 384820 Bk 1069Pg 1002

B L U E L E D G E P L A N E T



EXHIBIT C
TAX INCREMENT

30% for Project Infrastructure:

Landowner intends to use all of the 30% tax increment for a “Passenger Ropeway” as defined in Section 72-11-102 UCA connecting the Project to the greater Silver Lake region of Deer Valley Ski Resort (lift terminals and alignment is to be determined and approved by Deer Valley). Within the Project Area the tax increment may also be used for a jumper lift, ski runs, snowmaking, and related ski improvements. Outside of the Project Area it can only be used for the Passenger Ropeway (the Passenger Ropeway, jumper lift, ski runs, snowmaking, and related ski improvements are collectively defined as “Ski Lift”). MIDA approves of this use for the tax increment and finds that it is justified and needed for the development of the Project. No further approval by MIDA is needed.

If the Ski Lift is not constructed or not all of the 30% is needed for the Ski Lift then the 30% tax increment can be used for other infrastructure that is justified to MIDA as needed for the development of the Project.

70% for Recreation Facility Fund:

Of the remaining 70% of the tax increment that will be generated from the Project Landowner has requested that MIDA allow an additional 71.428% (which equals 50% of the total tax increment generated from the Project) to be used for the Ski Lift. MIDA finds that the Ski Lift will be of benefit to the recreational experience for the military personnel who will use the Recreation Facility and therefore approves of this use for the tax increment. No further approval by MIDA is needed. If the Ski Lift is not constructed or not all of the 50% is needed for the Ski Lift then it shall be used at MIDA’s sole discretion for operations and/or to benefit the Recreation Facility.

Summary:

In summary, the combination of the 30% tax increment for the Project’s infrastructure and the 50% tax increment from the Recreation Facility Fund gives the Landowner a total of 80% of the tax increment generated from the Project towards the Ski Lift. If the Ski Lift is not build then only the 30% tax increment for the Project will be available to the Landowner for justified and needed infrastructure.

The remaining 20% of the tax increment generated from the Project shall be used at MIDA’s sole discretion for operations and/or to benefit the Recreation Facility.


Jim A. Linn
Blue Ledge Initial / MIDA Initial