

**DEVELOPMENT IMPROVEMENTS AGREEMENT
FOR
"High Mountain Road Extension"**

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ALAN SPRIGGS, SUMMIT CO RECORDER
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REQUEST: SUMMIT COUNTY CLERK

THIS AGREEMENT is made this 29 day of September, 2005, by and between Summit County, a political subdivision of the State of Utah ("the County"), and ASC - American Skiing Company, a Utah Corporation ("Developer").

RECITALS:

- A. Developer is the owner of certain property situated in the County of Summit, State of Utah, more particularly described in Exhibit A hereto and known as "High Mountain Road Extension" ("Project").
- B. The Developer desires to develop "Project", hereinafter referred to as the ("Property") according to the recorded plat thereof (the "Plat") showing a proposed subdivision layout for said property.
- C. Developer has further submitted to the County a portion of the site improvements plan, referred to as the High Mountain Road Extension Development, and will continue to submit plans ("Construction Drawings") for those improvements and landscaping plans as described in the Development Agreement being constructed by the Developer in connection with the Property, (collectively the "Site Improvements Plan").
- D. The Summit County Board of County Commissioners has approved the construction of the High Mountain Road Extension submitted by the Developer subject to certain requirements and conditions, which involve the installation and construction of utilities and the improvements shown on the Site Improvements Plan for the Property.

NOW, THEREFORE, in consideration of the premises and the terms and conditions herein stated and for other valuable consideration, the adequacy of which is acknowledged by the parties hereto, it is agreed as follows:

1. Developer's Guarantee and Warranty

Developer hereby guarantees the installation, as hereafter provided and as necessary to serve the Property, and payment therefore, of all private roads and private road improvements, all utility lines, storm drainage improvements, and any other improvements described in the Site Improvements Plan. Developer hereby warrants all road improvements and utility improvements constructed or installed by Developer against defects in materials and workmanship for a period of two full year's normal operation after acceptance by the County Engineer or the utility companies of such improvements. The County shall either retain ten (10) percent or require a bond or

escrow equal to ten (10) percent of the required total improvement costs until twenty four months from the date of completion of the improvements and acceptance thereof by the County, as a guarantee should the improvements prove to be defective during said 24-month period. Developer agrees to promptly correct any deficiencies in installation in order to meet the requirements of the plans and specifications applicable to such installation. In the event such installation is not completed according to the specific plans set forth in the Site Improvements Plan, the County shall have the right to cause such work to be done as is necessary to complete the installation in such manner and Developer shall be liable for the cost of such additional work.

2. Water Lines and Sanitary Sewer Collection Lines

(a) At the request of developer, The Snyderville Basin Water Reclamation District (the "District") has entered into a Line Extension Agreement to provide for the installation of all sanitary sewer collection lines, whether such lines and other improvements are actually on the Property, bordering the Property or on other lands connecting the Property to the existing sewage collection system, in accordance with the standard specification of the District.

(b) At the request of developer, The Summit Water Distribution Company ("SWDC") / Mountain Regional / other has entered into a Development Agreement to provide for the installation of all water lines, whether such lines and other improvements are actually on the Property, bordering the Property or on other lands connecting the Property to the existing water distribution system, in accordance with the standard specification of the SWDC. / Mountain Regional / other

(c) It is anticipated that the installation of said sanitary sewer lines and waterlines will be completed within two years from the date hereof.

(d) The cost of all said sanitary sewer lines shall be borne by Developer pursuant to an agreement between Developer and the District, and Developer shall enter into a separate guarantee and warranty to the District for such facilities.

(e) The Developer has agreed to construct and pay for culinary and fire protection waterlines to serve the Property, and to transfer maintenance and ownership of said waterlines and other water improvements to SWDC/Mountain Regional/Other, after acceptance and approval of said improvements by SWDC/Mountain Regional/Other. The cost of all said waterlines and water improvements shall be borne and guaranteed by the Developer, pursuant to this Development Improvements Agreement.

3. Electric, Gas, Telephone and Cable TV Facilities

(a) At the request of the Developer, Pacific Corp. (Utah Power) shall engineer and provide for the installation of all electric distribution lines and facilities required for the Property, and Developer shall pay for such work in accordance with the established charges of Utah Power.

(b) At the request of Developer, Questar Gas Company shall engineer and provide for the installation of all required gas lines and facilities required, and Developer shall pay for such work in accordance with the established charges of Questar Gas Company.

(c) At the request of Developer, Qwest communications shall engineer and provide for the installation of all required telephone lines and facilities and Developer shall pay for such work in accordance with the established charges of Qwest communications.

(d) At the request of Developer, Comcast shall engineer and provide for the installation of all cable television lines and facilities required for the Property and Developer shall pay for such work in accordance with established charges of Comcast.

(e) The installation of the electric, gas, telephone and cable television facilities is anticipated to be completed within two years from the date hereof.

4. Storm Drainage Improvements

(a) The Developer shall install all storm drainage facilities described in the Site Improvements Plan.

(b) Developer anticipates completing the installation concurrent with the completion of the subdivision roads.

5. Weed Control

The Developer agrees to comply with respect Summit County Ordinance 484 relative to control and elimination of all noxious species of plants as identified within the project boundaries. The Developer further agrees to coordinate with the Summit County weed department, prior to commencement of work, relative to inspections and importations of weed free project materials.

6. Roads

Developer agrees to construct, at Developer's cost, all private roads and private road improvements, within the Property, in accordance with the plans and specifications of the Site Improvements Plan. Developer anticipates completing said road and road improvements construction within two years from the date hereof. Developer agrees to install any traffic control signs and standard street name signs as required by the County and to re-vegetate all cuts and fills resulting from construction in a manner which will prevent erosion. The construction of such roads shall be subject to inspection and approval by the County Engineer and the cost of such inspection shall be paid by the Developer.

7. Landscaping

Developer shall install landscaping in accordance with the Site Improvements Plan, at Developer's expense. The Community Development Director shall inspect or cause to be inspected said landscape prior to interim and final release of surety for the project. Upon final acceptance of the landscape workmanship and at the conclusion of the 24 month guarantee period final release will occur. If landscaping is not complete and thriving, surety for the project will be extended in an amount, form and period acceptable to the County.

8. Road Cuts

Developer acknowledges that the County has adopted a road cut ordinance, the provisions of which shall apply to the alteration of any road necessitated by the installation of any utilities described in this Agreement.

9. Traffic Control

During the construction of any utilities or improvements described herein, Developer shall be responsible for controlling and expediting the movement of vehicular and pedestrian traffic through and around all construction sites and activity. Such control shall be according to the latest version of the Manual of Uniform Traffic Control Devices

10. Maintenance and Repair

(a) Developer agrees that it shall repair or pay for any damage to any existing public improvements damaged during the construction of new improvements. The County shall notify Developer within a reasonable time after discovery of any claim hereunder, and Developer shall have a reasonable period of time within which to repair said damage.

(b) At such time as the County Engineer accepts, in writing, the improvements described in the Site Improvement Plan and the Developer records the Declaration of Covenants, Conditions and Restrictions in the office of the Recorder of Summit County, Utah, which obligates "Project" Owners Association to maintain any private roads within the Property, the Developer shall be released from the obligation and liability to provide winter maintenance services for such private roads or to be responsible for the cost of such winter maintenance. At such time as the Warranty Period is successfully completed, and/or all required repairs are completed, the Developer shall be released from the obligation to provide further maintenance and/or repairs of any private roads or other improvements completed per the Site Improvement Plan.

11. Financial Assurances

To insure developer's performance under this Agreement, (except for the installation of the Sanitary Sewer Collection Lines described in Paragraph 2 above which are to be directly guaranteed to the District with separate financial assurances from Developer), the Developer shall, prior to the recording of the Plat, provide the County with sufficient security, to ensure completion of the required improvements, in the amount of 120% of the cost of construction determined in accordance with the schedule in Exhibit B. The security shall be in the form of either: 1) a letter of Credit drawn upon a state or national bank- said Letter of Credit shall: (1) be irrevocable, (2) be of a term sufficient to cover the completion and warranty periods, and, (3) require only that the County present the issuer with a signed draft and a certificate signed by an authorized representative of the County certifying to the County's right to draw funds under the Letter of Credit; or 2) Establishment of an Escrow Account or Completion Bond with the guarantee that all improvements shall be installed within two (2) years or the account or bond will be called by the County to complete the improvements. Acceptable escrow agents shall be the Summit County Treasurer's Office, or banks or savings institutions which are federally insured. This two (2) year deadline may be extended by the County upon showing of sufficient cause.

As portions of the improvements are completed in accordance with this Development Improvements Agreement, County regulations, and the approved Site Improvements Plan, the Developer may make application to the County Engineer to reduce the amount of the original letter of credit, cash escrow or completion bond. If the Board of County Commissioners is satisfied that such portion of the improvements has been completed in accordance with County standards, they may cause the amount of the letter of credit, cash escrow or completion bond to be reduced by such amount that they deem appropriate, so that the remaining amount of the letter of credit, cash escrow or completion bond adequately insures the completion of the remaining improvements.

12. Default

If Developer shall default in the performance of Developer's obligation hereunder and shall fail to cure such default within thirty (30) days after receipt of written notice from the County specifying the nature of such default (or if such default cannot be cured within the aforesaid period of time, if the Developer shall fail to promptly commence to cure the same and to thereafter diligently proceed with such cure), then the County shall be entitled to undertake such work as may be necessary and appropriate to cure such default and the County shall be reimbursed for the reasonable costs thereof either by payment of such costs to cure the default within 30 days of delivery of an invoice to Developer or by obtaining funds under the security.

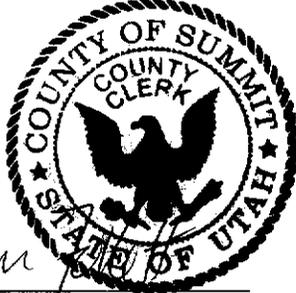
13. Limitation of Liability

No recourse shall be had for any obligation of or default by Developer under this Agreement or for any claim with respect to this Agreement against any partner or joint

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed the date and year first written above.

APPROVED:

ATTEST:



SUMMIT COUNTY

Susan
Summit County Clerk

By:

Robert Hill, Chair,
Board of County
Commissioners

APPROVED AS TO FORM:

Jami Brackin
Jami Brackin, Deputy County Attorney

ACCEPTED:
"Developer"

By: Timothy C. [Signature]
Its: Vice President

PERFORMANCE BOND

Bond No. 1013325

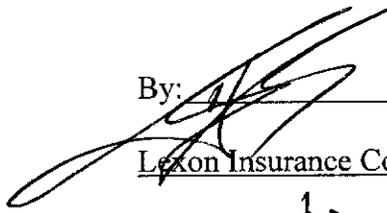
KNOW ALL MEN BY THESE PRESENTS: THAT WE, ASC-American Skiing Company, as Principal, and the Lexon Insurance Company, a corporation organized under the laws of the State of Texas and duly authorized to transact business in the state of Utah as Surety, are held and firmly bound unto Summit County, Utah, as the Obligee, in the sum of Three Hundred Eighty One Thousand, One Hundred Fifteen and no/100ths Dollars (\$381,115.00), for the payment whereof well and truly to be made, the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

SIGNED, sealed and dated this 2nd day of September, 2005.

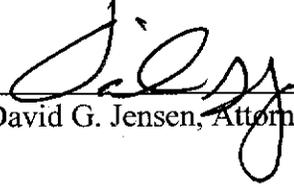
WHEREAS the Principal has agreed to perform:
Construction of the High Mountain Road Extension Project per the Development Improvements Agreement for High Mountain Road Extension dated August 18, 2005.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall construct, or have constructed, the improvements herein described and shall save the Obligee harmless from any loss, cost of damage by reason of its failure to complete said work, then this obligation shall be null and void; otherwise to remain in full force and effect.

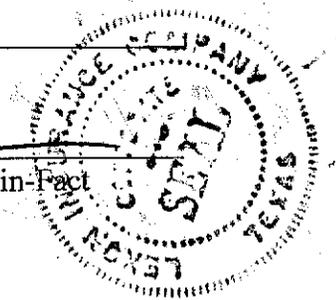
ASC-American Skiing Company

By:  _____

Lexon Insurance Company

By:  _____

David G. Jensen, Attorney-in-Fact



POWER OF ATTORNEY

LX - 017303

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

David G. Jensen, Maryann Carafello, Brandy L. Baich

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$2,000,000.00, Two Million Dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell President

ACKNOWLEDGEMENT

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



[Signature] Lydia J. DeJong Notary Public

CERTIFICATE

I, the undersigned, Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 2nd Day of September, 2005



[Signature] Donald D. Buchanan Secretary BK1745 PC0440

EXHIBIT B

American Ski Company The Canyons Ski Resort High Mountain Road Extensions A & B Engineer's Cost Estimate					
Item No.	Description	Unit	Quantity	Unit Price	Total
1	Mobilization	LS	1	\$ 14,000.00	\$ 14,000.00
2	Demo Existing Road	LS	1	\$ 10,000.00	\$ 10,000.00
3	Earth Work	YD	7750	\$ 8.00	\$ 62,000.00
4	8" Base Course and 3" Asphalt	SF	21500	\$ 3.00	\$ 64,500.00
5	Concrete Curb and Gutter Type F	LF	1700	\$ 13.00	\$ 22,100.00
6	8" Sewer SDR 35 PVC	LF	580	\$ 50.00	\$ 29,000.00
7	Connect to Existing Sewer Manhole	EA	1	\$ 1,500.00	\$ 1,500.00
8	48" Sewer Manhole	EA	6	\$ 4,000.00	\$ 24,000.00
9	18" Ductile Iron CL 350 Waterline	LF	390	\$ 60.00	\$ 23,400.00
10	8" Ductile Iron CL 350 Waterline	LF	130	\$ 40.00	\$ 5,200.00
11	18" Butterfly Valve & Box	EA	1	\$ 4,000.00	\$ 4,000.00
12	8" Gate Valve & Box	EA	1	\$ 1,000.00	\$ 1,000.00
13	Connect to Existing Water	EA	1	\$ 1,200.00	\$ 1,200.00
14	24" ADS N-12 Storm Drain	LF	432	\$ 50.00	\$ 21,600.00
15	15" ADS N-12 Storm Drain	LF	58	\$ 32.00	\$ 1,856.00
16	12" ADS N-12 Storm Drain	LF	110	\$ 24.00	\$ 2,640.00
17	Connect to Existing Storm Drain	EA	1	\$ 1,500.00	\$ 1,500.00
18	Storm Drain Manhole	EA	6	\$ 2,700.00	\$ 16,200.00
19	Storm Drain Catch Basin Type 1	EA	2	\$ 2,700.00	\$ 5,400.00
20	Erosion Control	LS	1	\$ 6,500.00	\$ 6,500.00
Total Estimated Project Cost					\$ 317,596.00

Note: Costs reflect Extensions A & B, bid as one project