


SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE MANAGER TO ENTER INTO A LESS THAN FAIR MARKET VALUE LEASE OF BOROUGH-OWNED REAL PROPERTY WITH HATCHER ALPINE XPERIENCE, LLC., FOR THE SKEETAWK SKI AREA AT HATCHER PASS IN THE GOVERNMENT PEAK RECREATION AREA, NORTHERN SUB-UNIT (MSB007474).

AGENDA OF: June 16, 2020

ASSEMBLY ACTION:
Approved under the consent agenda. KBJ 7.14.20

MANAGER RECOMMENDATION: Introduce and set for public hearing.

APPROVED BY *for* JOHN MOOSEY, BOROUGH MANAGER: *George W. Hays*

| Route To: | Department/Individual | Initials | Remarks |
|-----------|--------------------------------|---|---|
| | Originator | Tracy K. McDaniel <small>Digitally signed by Tracy K. McDaniel Date: 2020.06.02 09:29:38 -0500</small> | |
| | Community Development Director | Eric Phillips <small>Digitally signed by Eric Phillips Date: 2020.06.02 11:30:54 -0500</small> | |
| | Finance Director | Cheyenne Heindel <small>Digitally signed by Cheyenne Heindel Date: 2020.06.02 14:28:58 -0500</small> | |
| | Borough Attorney | SL for NS | |
| | Borough Clerk | <i>Jim 6/8/20</i> |  |

ATTACHMENT (S): Fiscal Note: YES X NO _____
 Vicinity Map & Phase 1A Development (2 pp)
 Skeetawk future phase development map & plan (1 pp)
 Management Agreement (34 pp)
 Management Agreement Amendment No. 1 (10 pp)
 Memorandum of Lease (for recording) (2 pp)
 Lease Agreement (29 pp)
 Annual Rent Spreadsheet (1 pp)
 Parks, Recreation, and Trails Advisory Board Resolution Serial No. 2019-05 (3 pp)
 Ordinance Serial No. 20-062 (4 pp)

BEST INTEREST FINDING
For the
Disposition of Borough-owned Land
Government Peak Recreation Area, Northern Sub-Unit
at Hatcher Pass

I. Summary Statement of Proposed Action

The Matanuska-Susitna Borough (MSB), Land and Resource Management Division received an application from Hatcher Alpine Xperience (HAX), LLC., a 501(c)3, non-profit corporation for a long-term, Less than Fair Market Value Lease (LFMV) for 1,040 acres, more or less, within the Government Peak Recreation Area, Northern Sub-Unit, at Hatcher Pass.

II. Property Site Factors

- A. Location:** The subject parcel is located west of N. Palmer-Fishhook Road at mile 10.6.
- B. Legal Descriptions:** Those portions of Tract B within the unsurveyed sections of 9, 10, 11, 14, 15 and 16, Township 19 North, Range 1 East, Seward Meridian, Alaska, according to the United States Bureau of Land Management Survey, approved on October 16, 1979.
- C. Land Status:** MSB Municipal Entitlement Lands granting management authority in accordance with the Final Finding and Decisions - ADL 227511 approved on December 3, 2011 and ADL 231234 approved on March 7, 2012.
- D. Restrictions:**
1. Land Classification - Public Recreation Lands, non-motorized (Hatcher Pass Government Peak Unit - Asset Management Plan (Ch 5, Pg 28)).
 2. Land Use Plans:
 1. MSB Hatcher Pass - Government Peak Unit; Asset Management & Development Plan (adopted November 2012)
 2. Alaska DNR, Hatcher Pass Management Plan (adopted November 2010 & amended March 2012)
 3. Federal Transit Authority, Environmental Impact Statement, Hatcher Pass Recreational Area Access, Trails, and Transit Facilities (2010)
 4. Federal Transit Authority, Record of Decision for the Hatcher Pass Recreational Area Access, Trails, and Transit Facilities (2011)
 5. Mat-Su Borough, Hatcher Pass - A New Beginning (2008)
 6. Southeast Susitna Area Plan (adopted March 2000 & updated amendments 2016)

7. Mat-Su Borough Recreational Trails Plan (2007)
 8. Mat-Su Borough, Parks, Recreation and Open Space Plan (2001)
3. Title Restrictions - N/A
 4. Covenants - None
 5. Zoning - None
 6. Easements & Other Reservations - Pursuant to the survey and platting instructions issued by Alaska Department of Natural Resources for ASLS 2002-01:
 1. Section line easements pursuant to AS 19.10.010, measured 50 feet from the section line.
 2. Stream Buffers (100' or 200') and green belts (660') for waterbodies as described in the preliminary decision for ADL No. 227511.
 3. A public access easement on the bed of and 100' upland from the ordinary high water line of Government Creek.
 4. MEA underground utility easements recorded in the Palmer Recording District at Serial No. 2018-020707-0 and at Serial No. 2004-020707-0.

E. Current Land Use: A non-motorized, all seasons recreational use area.

F. Surrounding Land Use: Other properties in this area are currently undeveloped public lands and used for non-motorized recreation. The landowners surrounding the lease site area are Alaska Department of Natural Resources and the Matanuska-Susitna Borough.

G. Existing Infrastructure: Under the current Management Agreement between HAX and MSB, HAX erected a 1,250 lineal foot triple ski lift, constructed a yurt, ski patrol building, snow cat maintenance building, and CXT volt toilet, expanded the existing parking lot, and constructed a maintenance road to the top of the new ski lift area.

H. Soils & Terrain: The lease area is located in the Talkeetna Mountains, with mountainous terrain and benches with and moderate to steep river valley and ravines. The predominant soils in the area are rock outcrops and shallow low-permeability clays.

I. Resources: The Northern Sub-Unit - Government Peak Management Unit, as part of the field investigations related to the Access Environmental Impact Statement, Record of

Decision, indicates there are no known lands with commercial quantities of rock, sand, or gravel resources. There may be rock, sand or gravel resources present with enough quantity to support small projects such as for trails and ski lift bases. The Government Peak Management Unit is closed to mineral entry under Alaska state administrative mineral closing orders (MCO 549, 541).

J. Assessment: The 2020 assessed value of the lease site acreage is approximately \$100 an acre, equal to \$104,000 for 1,040 acres.

III. Public Review Comments

Pursuant to MSB Title 23 and the Land and Resource Management Policy and Procedure Manual, landowners within 660 feet of the lease area were notified of the proposed lease. Additionally, department review was completed; notices were published in the Frontiersman and on the borough website. The Fishhook Community Council, Palmer Chamber of Commerce, MSB Parks, Recreation and Trails Advisory Board, U.S. Fish and Wildlife Commission, Alaska Department of Fish and Game and Department of Natural Resources, Assembly Member Sumner (District 6), the Borough Manager, Borough Assistant Manager, and the Greater Palmer Fire Department Chief were notified.

There were no objections received from the MSB department review process.

Staff received 82 comments from the 30-day public notice. All the comments received unanimously supported the Skeetawk Ski Area at Hatcher Pass and the long-term, LFMV lease with HAX.

IV. Analysis & Discussion

The Borough has tentative approval from the Alaska Department of Natural Resource (DNR) to manage the land within Government Peak Recreation Area (GPRA). The Borough will receive patent to approximately 3,200 acres of land upon completion of survey and platting of the land under ASLS 2002-1, which was re-initiated June of 2019 with anticipated completion and recording date of November 1, 2021, and the subsequent patent to follow. Pursuant to MSB 23.10.040, the lease contains a statement in the recitals that both parties acknowledge the Borough has management authority to the lease site area and does not have title to the land, cannot guarantee it will receive title from DNR, but has good cause to believe it will acquire title to the land within ten years of entering the lease agreement.

There are several land use plans that affect the GPRA and the lease site as mentioned in "Property Site Factors" under Section II (D) (2). The two main plans that affect GPRA are DNR's Hatcher Pass

Management Plan and the MSB's Hatcher Pass - Government Peak Unit, Asset Management & Development Plan. The Matanuska-Susitna Borough Assembly adopted Ordinance Serial No. 12-133 for the portions of the Alaska State Hatcher Pass Management Plan that are specific to the Government Peak Unit and adopted the Hatcher Pass - Government Peak Unit Asset Management and Development Plan (hereinafter "Asset Management Plan"). The lease site area is located within the Northern Sub-Unit of the Asset Management Plan.

The long-term management intent for the Northern Sub-Unit is for a regional Alpine skiing and boarding area, along with other compatible recreational summer and winter non-motorized dispersed recreational activities.

HATCHER ALPINE XPERIENCE

Hatcher Alpine Xperience (HAX), LLC, is a 501(c) 3, nonprofit corporation formed in the fall of 2015 by a dedicated group of community members. Their vision was to improve the quality of life for the Mat-Su Valley by bringing lift access skiing to Hatcher Pass. HAX saw an opportunity to use the existing data and infrastructure available for a proposed alpine ski area and bring a long awaited dream to the Mat-Su Valley residents, named the Skeetawk Ski Area at Hatcher Pass. The mission of HAX is, "To develop and maintain a regional alpine ski area in Hatcher Pass to promote safe outdoor recreation and healthy lifestyles."

Since September 20, 2016, HAX has operated the proposed lease site area (see Vicinity Map) under a Management Agreement with the Borough in order to develop the infrastructure for its first ski lift operation. The Management Agreement is for a five-year period and due to expire September 19, 2021. With millions of dollars spent on the existing infrastructure for the Phase 1A development plan and future development of the site, it is prudent for both parties to enter into a long-term lease agreement.

HAX has received various grant funds since its inception in 2015 from the Matanuska-Susitna Borough, Mat-Su Health Foundation, and the Rasmuson Foundation. Along with its growing membership, sponsorship, volunteer hours, and in-kind donations from several local businesses and organizations, HAX has developed the area into a year-round skiing, hiking, and mountain biking recreation area for the Mat-Su Valley community.

Skeetawk Phase 1A development plan is a startup facility to have a functioning ski area for summer and winter use with access to approximately 30 acres of the lease site. This includes a 1,250' three-seat chair lift with bike racks, snow cat shelter, ski runs, and support facilities for a ticket shelter, ski patrol shelter, lift attendant building, yurt warming building, and a bathroom facility. Phase 1A is a capital campaign, to the extent that once

the lift is operational, HAX will be able to sustain its expenses by generating revenue through the sale of lift tickets, annual ski passes, and outdoor programs such as ski schools.

Future Phase 1B development plans includes a mile-long, high-speed quad lift and a day lodge to enable more year around activities, such as mountain biking, special events and festivals.

LEASE DISCUSSION

The proposed lease is for a 40-year term with the option of two additional 10-year renewal terms. Community based, local businesses and the MSB all have a stake in the success of Skeetawk which will benefit the Mat-Su Valley community and our future generations to come. Therefore, the lease is designed for a nominal, annual lease rate of \$500 for years 1 through 10 and \$1,000 for years 11 through 20. The purpose of the lease rent structure is to allow HAX to be self-sustaining and generate revenue in order to expand its operations for future ski lifts, a chalet, and other associated facilities needed to operate a year round recreation area with the anticipation of providing economic growth and local commerce for the Mat-Su Valley community.

Furthermore, starting in year six of the lease, the Assembly reserves the right to collect 3% of gross revenue from daily lift ticket and season pass sales. Starting year 11 of the lease, the Assembly reserves the right to collect 4% of the gross revenues from daily lift ticket and season pass sales, ski school operations, ancillary facilities, and the value of bartered goods. Additionally, notwithstanding MSB 23.10.060(C)(2)(b), the amount collected from gross revenues shall not exceed the Less Than Fair Market Value of 2.5 percent or \$500, whichever is greater. During years 21 through 40 of the lease, and during any renewal terms, the annual basic rent will be determined under MSB 23.10.060(B)(1)-(3).

MSB 23.10.060(C) Pursuant to a Best Interest Finding, the minimum fee to be paid to the Borough for a sale or lease at less than fair market value shall be as follows: (2) A lease at less than fair market value shall be an annual rate of the greater of \$500 or: (b) Two and one-half percent of fair market value for public health, safety, and welfare or public purpose.

Attached for reference is the annual rent spreadsheet that demonstrates the lease years for adjustments as outlined in the lease document.

Other areas of the lease cover inflation proofing for insurance requirements, protection of the public lands which provides the Borough the right to terminate or negotiate any terms of the lease if assigned to a "for profit" organization or individual,

requirements for revenue and financial reporting, and the audit of financial records.

V. Board Recommendations

On August 26, 2019, the Parks, Recreation, and Trails Advisory Board adopted Resolution Serial No. 2019-05 in support of the Less Than Fair Market Value lease.

VI. RECOMMENDATION OF ADMINISTRATION:

Notwithstanding MSB 23.10.060 (C)(2)(b), the Community Development Department recommends Assembly approval for the Manager to enter into a 40 year, Less Than Fair Market Value lease agreement with Hatcher Alpine Xperience as prescribed herein and attached hereto.

**MATANUSKA-SUSITNA BOROUGH
FISCAL NOTE**

Agenda Date: June 16, 2020

SUBJECT: AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY AUTHORIZING THE MANAGER TO ENTER INTO A LESS THAN FAIR MARKET VALUE LEASE OF BOROUGH-OWNED REAL PROPERTY WITH HATCHER ALPINE XPERIENCE, LLC., FOR THE SKEETAWK SKI AREA AT HATCHER PASS IN THE GOVERNMENT PEAK RECREATION AREA, NORTHERN SUB-UNIT (MSB007474).

ORIGINATOR: Tracy K. McDaniel, Community Development Department

| | |
|---|------------------------------|
| FISCAL ACTION (TO BE COMPLETED BY FINANCE) | FISCAL IMPACT Yes |
| AMOUNT REQUESTED * | FUNDING SOURCE Lease Revenue |
| FROM ACCOUNT # | PROJECT |
| TO ACCOUNT : 203.000.000.3XX.XXX | PROJECT # |
| VERIFIED BY: Liesel Weiland <small>Digitally signed by Liesel Weiland Date: 2020.06.02 14:21:32 -08'00'</small> | CERTIFIED BY: |
| DATE: 06/02/2020 | DATE: |

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|------------------------|--------|--------|--------|--------|--------|--------|
| Personnel Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land/Structures | | | | | | |
| Grants, Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | | | | | | |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|---|---|---|---|---------|
| REVENUE | | * | * | * | * | *-----> |
|---------|--|---|---|---|---|---------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------------|--|---|---|---|---|---------|
| General Fund | | | | | | |
| State/Federal Funds | | | | | | |
| Other | | * | * | * | * | *-----> |
| TOTAL | | * | * | * | * | *-----> |

POSITIONS:

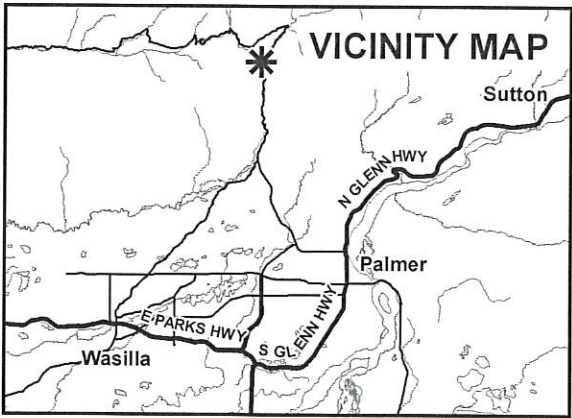
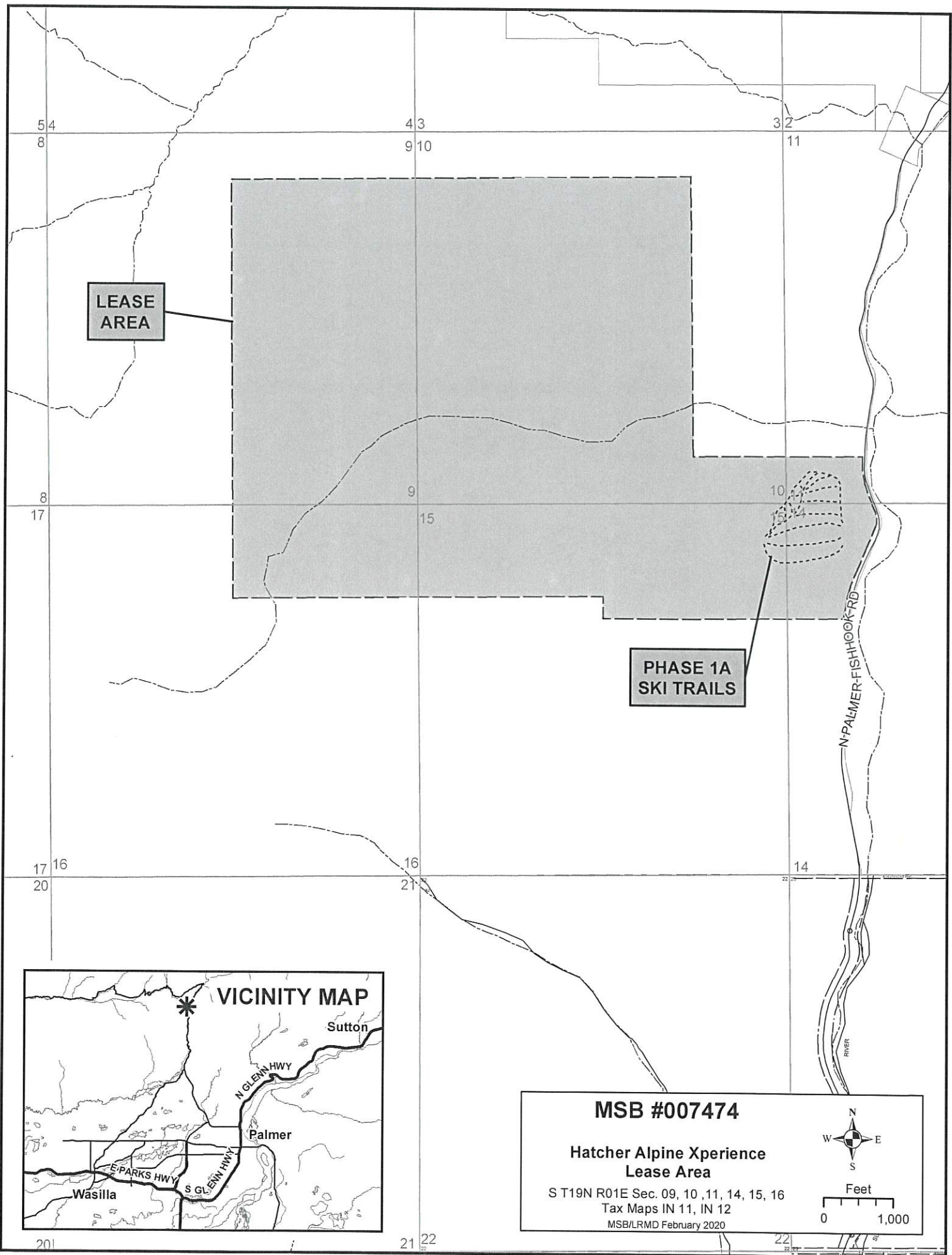
| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-Time | | | | | | |
| Part-Time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary) * Years 1-20 will be charges nominal lease rate. Years 6-20 will include % of gross revenue not to exceed less than fair market value annual rate rent.

PREPARED BY: _____ PHONE: _____

DEPARTMENT: _____ DATE: _____

APPROVED BY: **Cheyenne Heindel** Digitally signed by Cheyenne Heindel
Date: 2020.06.02 14:28:44 -08'00' DATE: _____



MSB #007474

**Hatcher Alpine Xperience
Lease Area**

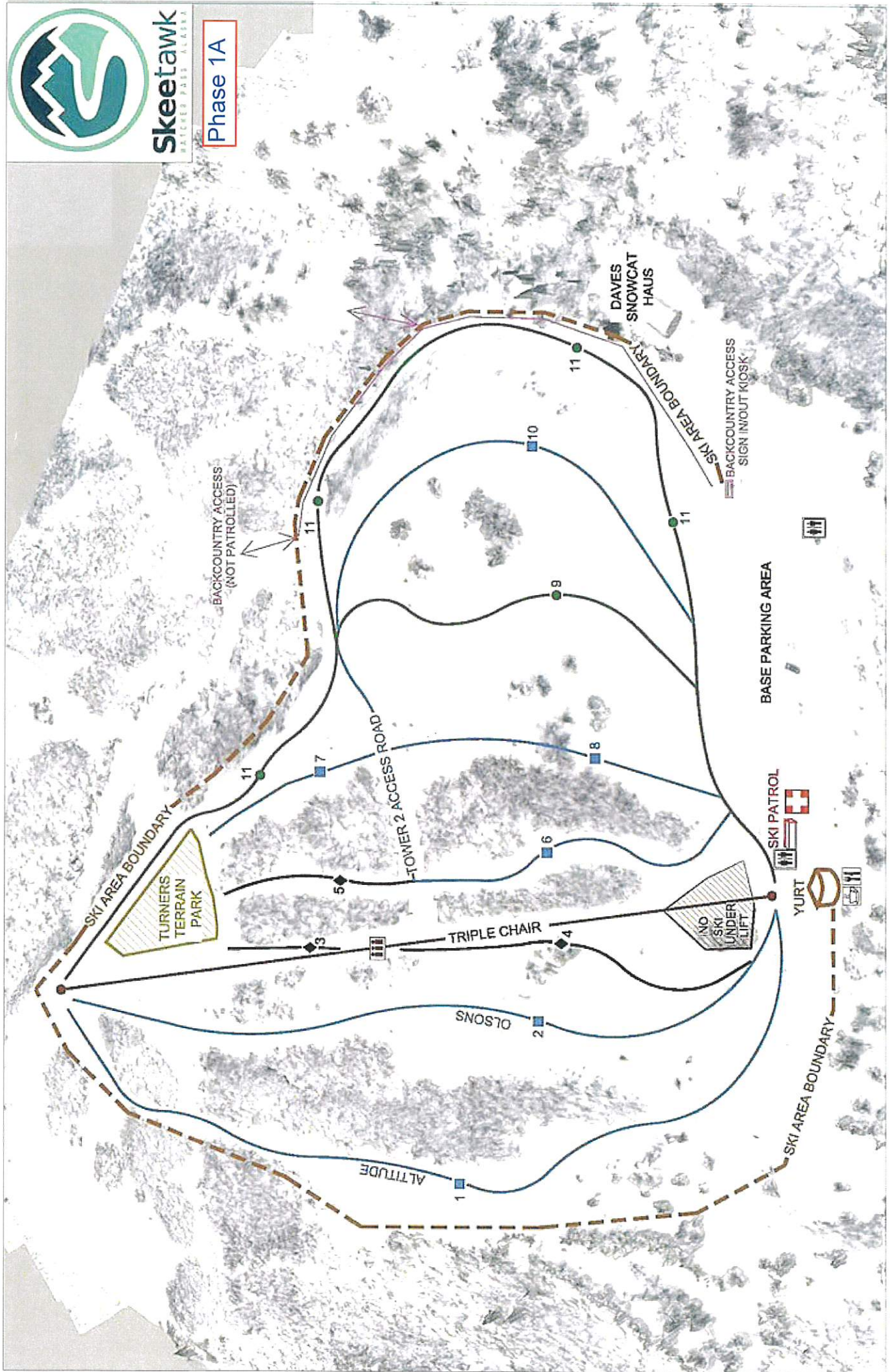
S T19N R01E Sec. 09, 10, 11, 14, 15, 16
Tax Maps IN 11, IN 12
MSB/LRMD February 2020

1M 20-128 OR 20-062



Skeetawk
SKEETER PASS, ALASKA

Phase 1A



1M 20-12P
OR 20-06Z



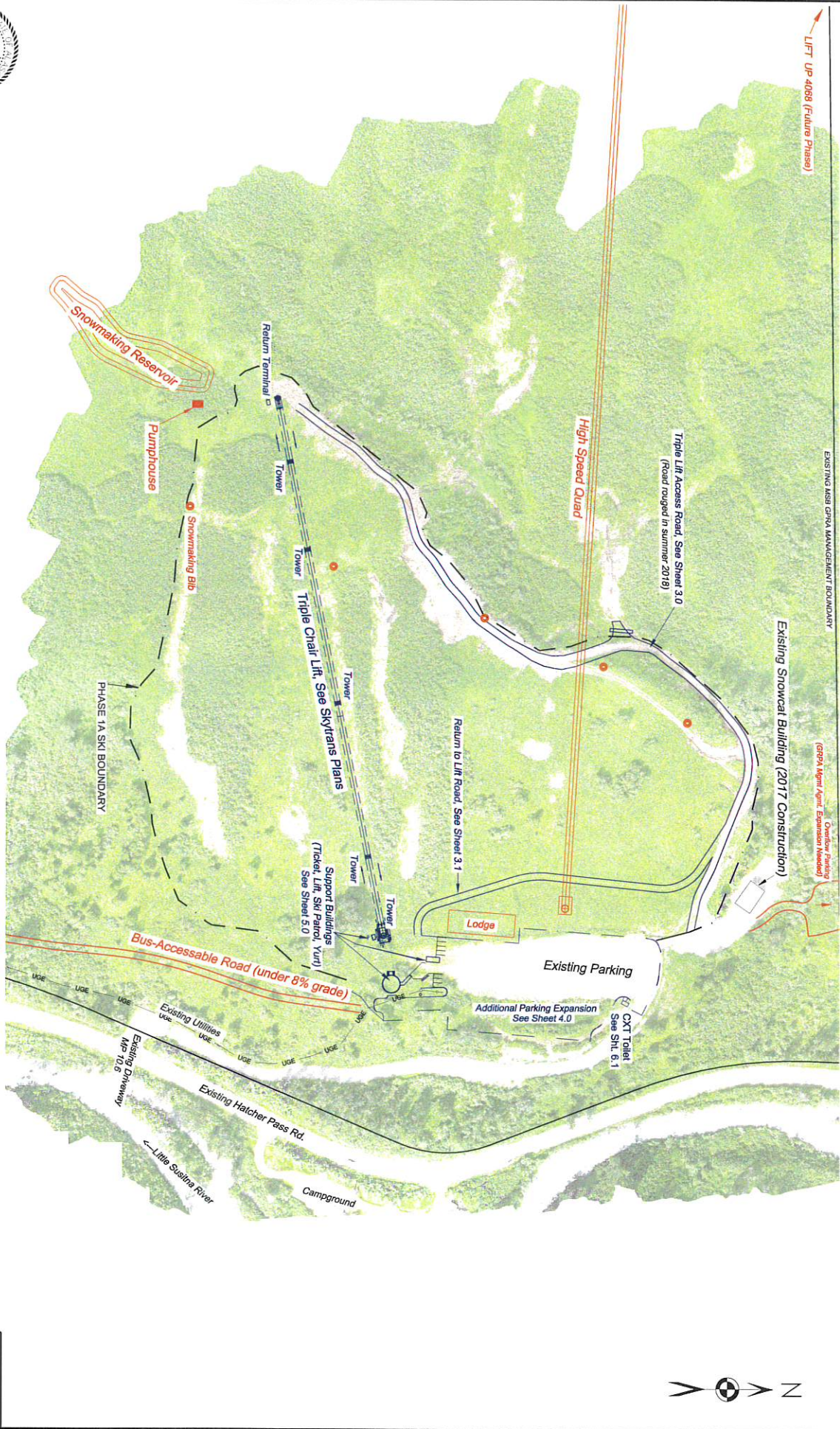
4-1-2019

COLOR KEY

| | |
|--|-------------------------|
| | PHASE 1A - This Planset |
| | FUTURE PHASES |

OVERVIEW SITE PLAN & SHEET INDEX

| | | |
|--|---|-----------------------|
| Client: Vail Resorts | Project: HATCHER ALPINE EXPERIENCE | Date: 15-78 |
| Project: PHASE 1a IMPROVEMENT PLANS | Scale: 1" = 100 FEET (2" x 3 1/2" sheet) | Date: 4-1-2019 |
| Sheet: OVERVIEW SITE PLAN AND SHEET INDEX | Scale: 2.0 | Sheet: 2 of 22 |



1M20-128 OR20-062

**MANAGEMENT AGREEMENT
BETWEEN MATANUSKA-SUSITNA BOROUGH
AND
HATCHER ALPINE XPERIENCE**

This Management Agreement ("Agreement") is made and entered into this 20th day of September, 2016 by and between the Matanuska-Susitna Borough ("Borough"), a municipal corporation organized under the laws of the State of Alaska, whose address is 350 East Dahlia Avenue, Palmer, Alaska, 99645, hereinafter called "Borough," and Hatcher Alpine Xperience, a nonprofit Corporation, whose current mailing address is PO Box 924, Palmer, Alaska, 99645, ("HAX").

1. Purpose: This Agreement grants management authority over the property described below from the Borough to HAX to use for the purpose of HAX developing, constructing, and maintaining an alpine ski area in the Northern Sub-Unit of the Government Peak Recreation Area, consistent with the Hatcher Pass Management Plan (HPMP) and the management intent, guidelines, and recommendations for implementation contained in the Hatcher Pass – Government Peak Unit Asset Management and Development Plan (Asset Plan) adopted November 20, 2012 by the Matanuska-Susitna Borough Assembly.

2. Management Intent: For the Borough to allow HAX to develop what will be referred to as Phase 1.1 of an alpine ski area.

3. Legal Description of Property: The property over which management authority is transferred through this agreement, referred to as "the property" or "the premises," is described as the borough managed land in Seward Meridian, Township 19 North, Range 01 East, Section 09 Lot A002, Section 10 Lot A001, Section 11 Lot B002, Section 14 Lot B002, Section 15 Lot A001, Section 16 Lot A001, further identified as portions of Borough tax parcels 19N01E09A002, 19N01E10A001, 19N01E11B002, 19N01E14B002, 19N01E15A001, and 19N01E16A001.

Where "access" is referred to in this agreement, it means the developed access road that is located at approximately milepost 10.6 North Palmer-Fishhook Road.

4. Condition of the property: HAX acknowledges it has examined the property and accepts the property in its current condition, "as-is, where is," without any representation or warranty expressed in fact or by law by the Borough, as the Borough expressly disclaims any warranties.

The property shall be maintained in a neat and clean condition during its management of the agreement.

Every effort shall be made to prevent the pollution of land or water. The burial of trash on the property is expressly prohibited.

5. Responsibilities of Parties: In addition to agreeing to all the other terms contained herein, the parties agree that their respective obligations are as follows:

A. The Borough:

- 1) Grants HAX management authority over the property.
- 2) Grants HAX the right to utilize the property for Phase 1.1, 1.1a, and 1.2 (1.1a and 1.2 are subject to further Borough approval, and an amendment to insurance requirements), so that HAX can construct, maintain and operate an alpine ski area consistent with the HPMP and Asset Management Plan.
 - a) Phase 1.1 includes (1) constructing a 40' x 60' storage building for grooming equipment, (2) utility relocation and installation, and (3) vegetation clearing for trails, ski lift lines and site preparation, and
 - b) Phase 1.1a includes operating a snow cat supported skiing operation.
 - c) Phase 1.2 includes (1) construction of ski lifts, (2) construction of a warming hut, (3) improvements to the access road and parking area.
- 3) Agrees to allow HAX access to the property for the purpose of the agreement.
- 4) Agrees to continue providing the same level of routine snow and ice removal that was provided in the area the winter prior to entering into the agreement, and as deemed necessary by the Borough (including but not limited to traction sanding), for the access road and parking areas.
- 5) Agrees to continue to provide the same level of snow-free grounds keeping service around the base area that was provided prior to entering into the agreement, and as deemed necessary by the Borough (including, but not limited to mowing).
- 6) Agrees to pay for the cost of electricity used by the 40' x 60 storage building, and will continue to pay the cost of solid waste services and portable restrooms at the property until Phase 1.2 infrastructure is developed. At that juncture, the parties will re-negotiate this provision, and particularly the maintenance costs the Borough is willing to assume.

B. HAX agrees:

- 1) All of its activity under this agreement will be consistent with the HPMP and Asset Management Plan.

- 2) Phase 1.1 of HAX's development (including the location of structures, ski trails, ski lifts, and other improvements) shall be consistent with the documents and plans attached hereto as Exhibits A and B.
- 3) All structures and improvements constructed under the authority of this agreement shall be designed by, and their construction administered by, an engineer licensed pursuant to AS 08.48.
- 4) All structures and improvements constructed under the authority of this agreement shall be constructed to at least industry standard.
- 5) Prior to initial occupancy and commencement of use of the storage building, HAX will provide the Borough staff access to it for the purpose of verifying its location and condition.
- 6) Provide the Borough staff access to the storage building, or any other area of the premises, for inspection, upon reasonable notice.
- 7) Provide the storage building to the Borough to utilize emergency supplies.
- 8) Prior to operating a ski area on the property, HAX shall prepare a plan of operation and implement the plan throughout the length of this agreement. HAX's plan of operation must include written provisions for governance, enforcement, roles, and responsibilities of the safety officers, consequences and liability.
- 9) Prior to commencement of operations and when changes or updates to the operation plan occur, the operation plan shall be reviewed and approved by the Borough through the Government Peak Recreational Amenity review process.
- 10) To obtain approval from the Borough through the Government Peak Recreation Area Recreational Amenity Review process prior to conducting phases 1.1a and 1.2 activities.
- 11) To obtain mutual agreed upon insurance prior to conducting phases 1.1a and 1.2 activities.
- 12) Prior to commencing use of the phase 1.2, HAX will provide the Borough staff access to the structures and improvements for the purpose of verifying their location and condition.
- 13) To manage the property and operate the ski area in a safe manner, and consistent with accepted industry standards and practices.
- 14) To pay all costs related to HAX's use of the area that the Borough has not expressly agreed to pay pursuant to Section 5A (6) of this agreement.

15) That it shall not manage or use the property for uses other than those described in this section without further consent of the Borough.

6. Approvals Are Not Guaranteed: HAX agrees that approvals required through this Agreement or otherwise are not being promised through this Agreement. The issuance of approvals will be evaluated on their own merits, and nothing in this Agreement obligates the Borough to issue approvals or permits.

7. Borough's Responsibilities and Obligations Are Subject to Appropriation: It is expressly understood and agreed that any and all Borough responsibilities under this Agreement, including but not limited to those listed below, are subject to funding and appropriation by the Borough Assembly for the specific purpose involved.

8. Non-Profit Status: HAX shall maintain its non-profit status during the term of this management agreement. If HAX's status changes, it shall immediately notify the Borough in writing and the management agreement shall terminate upon 15 days written notice.

9. Administrator: Upon execution of the agreement, HAX shall provide the Borough a list of the name/s and contact information of the HAX representative/s that will be responsible for administering this agreement. HAX shall keep the information current.

10. HAX Personnel: HAX shall notify the Borough within 15 days of appointment to or resignation from, the key positions and officers of the organization.

11. Independent Entity: HAX is an independent entity. All personnel employed by or working with HAX, whether a paid employee or volunteer or otherwise are those of HAX. HAX is alone responsible for their work, direction, compensation and personnel conduct while engaged in activities pursuant to this Agreement. Neither HAX nor its personnel or agents will hold themselves out as, or claim to be, officers or employees of the Borough or any department, agency, or unit thereof, and they will not, by reasons hereof, make any claim, demand, or application for any right or privilege applicable to an officer or employee of the Borough, including worker's compensation coverage, unemployment insurance benefits, social security coverage, or employee retirement.

The Borough may administer this Management Agreement and monitor HAX's compliance with its obligations hereunder. The Borough's monitoring, inspection and or approval of structures and or operations or otherwise in no way relieves HAX of its sole responsibilities, obligations, or liabilities for the property under this agreement.

12. Term: The Agreement shall commence upon the date of execution of the Agreement by both parties and shall run for sixty (60) consecutive months, unless earlier terminated. The Agreement cannot exceed a total period of five years without Matanuska-Susitna Borough Assembly approval by ordinance.

13. Structures and Improvements: HAX will acquire no interest in the real or personal property of the Borough by virtue of this agreement. Nor shall the Borough acquire any interest in the property of HAX, except those which HAX affixes to the property and fails to timely remove upon completion or termination of the Agreement.

Any structures, improvements, infrastructure or personal property of the Borough that are altered without the Borough's prior approval, or that are damaged by HAX's management or use of the property shall be replaced, restored, or repaired by HAX to the satisfaction of the Borough within 30 days of written notice to HAX from the Borough.

14. Insurance and Indemnity:

A. HAX shall maintain insurance for all their responsibilities and activities related to this Agreement including their development, construction, maintenance, and operation of the alpine ski area. The insurance shall at least meet the minimum requirements outlined in Exhibit "C" for phase 1.1. The parties will agree to insurance for the other phases prior to commencing those activities.

HAX shall evaluate its insurance requirements yearly.

B. HAX shall indemnify the Borough, its elected and appointed officials and officers, agents, and employees from and against any and all claims arising from (1) HAX's use of the property, or from the conduct of HAX's non-profit operation, or from any activity, work or things done, permitted or suffered by HAX in or about the premises or elsewhere; (2) any breach or default in the performance of any obligation on HAX's part to be performed under the terms of this Management Agreement; (3) any negligence or intentional conduct of HAX, or any of HAX's agents, contractors, customers, employees, or any person claiming by, through or under HAX, and (4) any accident on or in connection with the property, or any nuisance made or suffered thereon. HAX shall further indemnify Borough from any and all costs, attorney's fees, expenses and liabilities incurred in the defense of any proceeding brought against the Borough by reason of any such claim. HAX, upon notice from Borough, shall defend any of the above-described claim at HAX's expense by counsel satisfactory to the Borough. HAX, as a material part of the consideration to the Borough, hereby assumes all risk of damage to or destruction of property or injury to or death of persons, in, upon, or about the property, arising from any claims and HAX hereby waives all claims in respect thereof against the Borough. The provisions of this section shall not apply if the parties agree, or if a court of competent jurisdiction determines that such claims or liabilities are caused by the sole negligence or intentional misconduct of the Borough.

If any portion of this clause is voided by law or court of competent jurisdiction, the remainder of the clause shall remain enforceable.

15. Risk of Loss:

A. During this agreement, HAX shall bear the risk of loss for any improvements and fixtures installed or constructed on the premises, and for any personal property HAX brings to the property in the event that such improvements, fixtures, or personal property are damaged or destroyed in whole or in part, by whatever cause.

B. In the event that previously approved alterations, improvements, fixtures, or personal property are damaged or destroyed in whole or in part, HAX may elect to remove said alterations, improvements, fixtures, or personal property from the premises and not repair and/or replace them. Should HAX fail to repair or remove said property within (60) days from the date the property is damaged or destroyed, the Borough upon ten (10) days written notice to HAX, shall have the option to have the damaged or destroyed property removed from the property at HAX's expense. The Borough is not responsible for the repair or replacement of improvements or to the property located on the premises.

C. Notwithstanding the forgoing, should HAX require more than (60) days to remove or repair the property, the time period for repair and/or removal of the property by HAX may be extended for up to a maximum of sixty (60) additional days upon written consent of the Borough, which consent shall not be unreasonably withheld.

16. Subleasing and Assignments:

A. HAX shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment, sublease or novation) without the prior written consent of the Borough, thereto; provided, however, that claims for money due or to become due to HAX from the Borough under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Borough.

B. HAX may delegate duties and otherwise subcontract work or services under this Agreement as necessary, provided that all activities and work performed under this agreement shall comply with this agreement. Additionally, HAX must provide the Borough a list of such contractors and copies of their certificates of insurance.

17. Liens: HAX shall not cause any liens or encumbrances to be levied upon the Premises, or any other land owned or controlled by the Borough. HAX shall hold the Borough harmless from any such actions and be responsible for payment of any related costs or fees that the Borough shall incur, including but not limited to attorney's fees.

18. Hazardous Materials: HAX agrees not to use, store, or abandon any toxic wastes, hazardous chemicals, or any other regulated substances (a reasonable amount of gasoline and oil for equipment may be used and stored appropriately, and must be in marked containers that are suitable for gasoline and oil storage – no open containers are allowed),

1M 20-128
OR 20-062

which in any way may create liability for contaminated soils or waters, without the prior written consent of the Borough.

All spill responses must comply with all federal, state and local laws, rules and regulations, including but not limited to reporting immediately to ADEC. Any quantity of a spilled hazardous substance must be cleaned up, containerized, and disposed of in a proper manner.

Should HAX breach this section, the hold harmless provisions hereof shall apply and the Borough may independently demand and require HAX to promptly cure any soil or water contamination or other damage at HAX's expense. The Borough may also take remedial steps or seek administrative or judicial relief and seek recovery from HAX of costs, including attorney's fees and court costs associated with the remedial action.

19. Safety: Except for safety relating to the Borough providing snow and ice removal for the access road and parking areas per Sections 5A(4) and 5A(5) of the Agreement, HAX is solely responsible for all aspects of safety on the premises, including but not limited to safe maintenance, safe conduct and safe use of the premises, and the safety of the employees, volunteers, public, invitees, agents, partners, contractors, sub-contractors, suppliers, affiliates, and the safety of the equipment, supplies, and inventory on the Property.

HAX agrees to promptly notify the Borough Community Development Department if it observes any unsafe conditions relating to ice or snow on the access road or parking areas referred to in Section 5A(4) of the Agreement. HAX agrees to correct any other safety concerns in a prompt manner. HAX agrees to secure all materials and/or equipment that might create an attractive nuisance when not in use.

20. Supervision: HAX shall maintain reasonable and adequate on-site supervision of the property at all time to insure the terms and conditions of this management agreement, and all applicable federal, state and borough laws, rules and regulations governing operations within the premises are followed.

21. Permits, Laws, and Taxes: HAX shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this Agreement.

A. Actions taken under this Agreement shall comply with all applicable statues, ordinances, rules and regulations, including but not limited to those concerning the prohibition of discrimination.

B. Actions taken under this Agreement shall comply with all sections of the Alaska Ski Safety Act of 1994, as amended.

C. The property shall not be be used for any unlawful purpose, or for any purpose or use that may constitute a nuisance or hazard to health, safety, or property.

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D. No part of the property shall be used or occupied for any purpose in violation of any law or lawful order, or regulation governing municipal park land.

E. HAX shall pay all taxes pertaining to its performance under this Agreement, if any.

22. Personnel. The personnel involved in the agreement, whether they be staff or volunteer, will at all times act in a professional manner and reflect upon the commitment of all parties to quality services and customer satisfaction.

23. Termination: This management agreement may cease by:

A. Mutual consent of the parties: The parties can mutually agree to terminate the agreement at any time.

B. For Convenience: Either party may terminate this Agreement at any time for any reason or no reason at all by giving written notice to the other party of such termination and specifying the effective date of such termination by providing at least thirty (30) days notice.

C. For Cause: If, through any cause, HAX shall fail to fulfill its obligations under this Agreement, or shall violate any of the covenants, agreements, or stipulations, the Borough shall thereupon have the right to terminate this Agreement by giving at least five (15) days notice, unless the basis is a safety concern that warrants less notice. If safety is the basis for termination, notice which is reasonable under the circumstances must be provided.

D. Destruction of the Area Covered: In the event that the area covered or any part of the area covered shall be destroyed by fire, explosion, earthquake, or other casualty so that all or a substantial portion of the area covered cannot be operated, and HAX decides not to rebuild, repair, and reopen the same for use, either party shall have the right to cancel and terminate this Agreement.

E. Duties Upon Expiration or Termination: All equipment, supplies, reports, or other materials owned by the Borough, and any project, design, and construction documents relating to the property shall be returned to the Borough within 30 days of termination.

1) HAX shall also remove all property (including but not limited to the storage building), equipment, supplies, or other materials owned by HAX within 60 days. If timely removal is not made, the remainder of the property shall become the property of the Borough. To the extent the Borough chooses to remove the property, it will be at HAX's expense.

2) Upon expiration or termination of this Agreement, the Borough and HAX shall participate in an inspection for the premises. HAX's assets shall have been removed from the Property unless other arrangements have been made with the Borough. Keys or other access codes to the property shall be returned to the Borough during this inspection.

3) HAX shall leave the property in a neat, clean, and undamaged condition.

24. Non-waiver: Failure of the participants at any time to enforce a provision of this Agreement shall in no way constitute a waiver of provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of the Borough, to thereafter enforce each and every protection herein.

25. Amendment: The parties may amend this Agreement only by written agreement, executed by an authorized representative of both parties.

26. Disputes: Disputes over the terms of the Agreement shall be resolved if possible by mediation.

27. Choice of Law and Venue: This agreement is governed by the laws of Alaska. Any civil action arising from this management agreement shall be brought in the Alaska Superior Court Third Judicial District at Palmer.

28. Titles: The titles of sections in the Agreement are not to be construed as limitations or definitions but are for identification purposes only.

29. Severability: If any section or clause of this Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of the Agreement shall remain in full force and effect.

30. Notices: All notices required by this Agreement shall be in writing and shall be sufficiently given and served upon the other party if sent by registered or certified United States mail, postage prepaid, and addressed as follows:

Matanuska-Susitna Borough
Land & Resource Management
350 E Dahlia Ave
Palmer, AK 99645

Hatcher Alpine Xperience
PO Box 924
Palmer, AK 99645

31. Interpretation and Enforcement: This Agreement has been jointly drafted by the parties and shall be construed according to the fair intent of the language as a whole, not for or against any party. The laws of the state of Alaska shall govern the interpretation and enforcement of the Agreement.

32. Integration: This Agreement sets forth all the terms, conditions, and understandings of the parties and supersedes any previous understanding or agreements regarding the property,

whether oral or written. No modifications of this Agreement are effective unless made in writing and signed by both parties.

33. Understanding: The participants acknowledge that they have read and understood the terms of this Agreement and had an opportunity for an attorney to review and discuss it with them.

34. Filming/Photography:

In the event HAX receives requests from private entities or the general public for use of the premises for filming or photography, HAX shall refer the request to the Borough's Public Affairs Director.

IN WITNESS THEREOF, the parties hereto have caused this agreement to be executed on the day and year first above written.

Louisa Branchflower
Hatcher Alpine Xperience
Board Chair, Louisa Branchflower

[Signature]
Matanuska-Susitna Borough,
Manager, John M. Moosey

State of Alaska)
) ss.
Third Judicial District)

THIS IS TO CERTIFY that on this 20 day of September, 2016 before me, the undersigned a Notary Public in and for the state of Alaska, duly commissioned and sworn as such personally appeared to me Louisa Branchflower, Registered Agent of Hatcher Alpine Xperience, who acknowledged to me that she executed the within and foregoing document on behalf of the nonprofit corporation as the voluntary act and deed of said corporation, for the uses and purposes stated therein mentioned.

WITNESS my hand and official seal the day and year herein and above written.

(seal) *Jill Irsik*
Notary Public for the State of Alaska
My commission expires: 3/16/20



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State of Alaska)
) ss.
Third Judicial District)

THIS IS TO CERTIFY that on this 20th day of September, 2016 before me, the undersigned a Notary Public in and for the state of Alaska, duly commissioned and sworn as such personally appeared to me John Moosey, Manager of the Matanuska-Susitna Borough, who is personally known to me, appeared and acknowledged before me that he signed this agreement on behalf of the municipal corporation.

WITNESS my hand and official seal the day and year herein and above written.

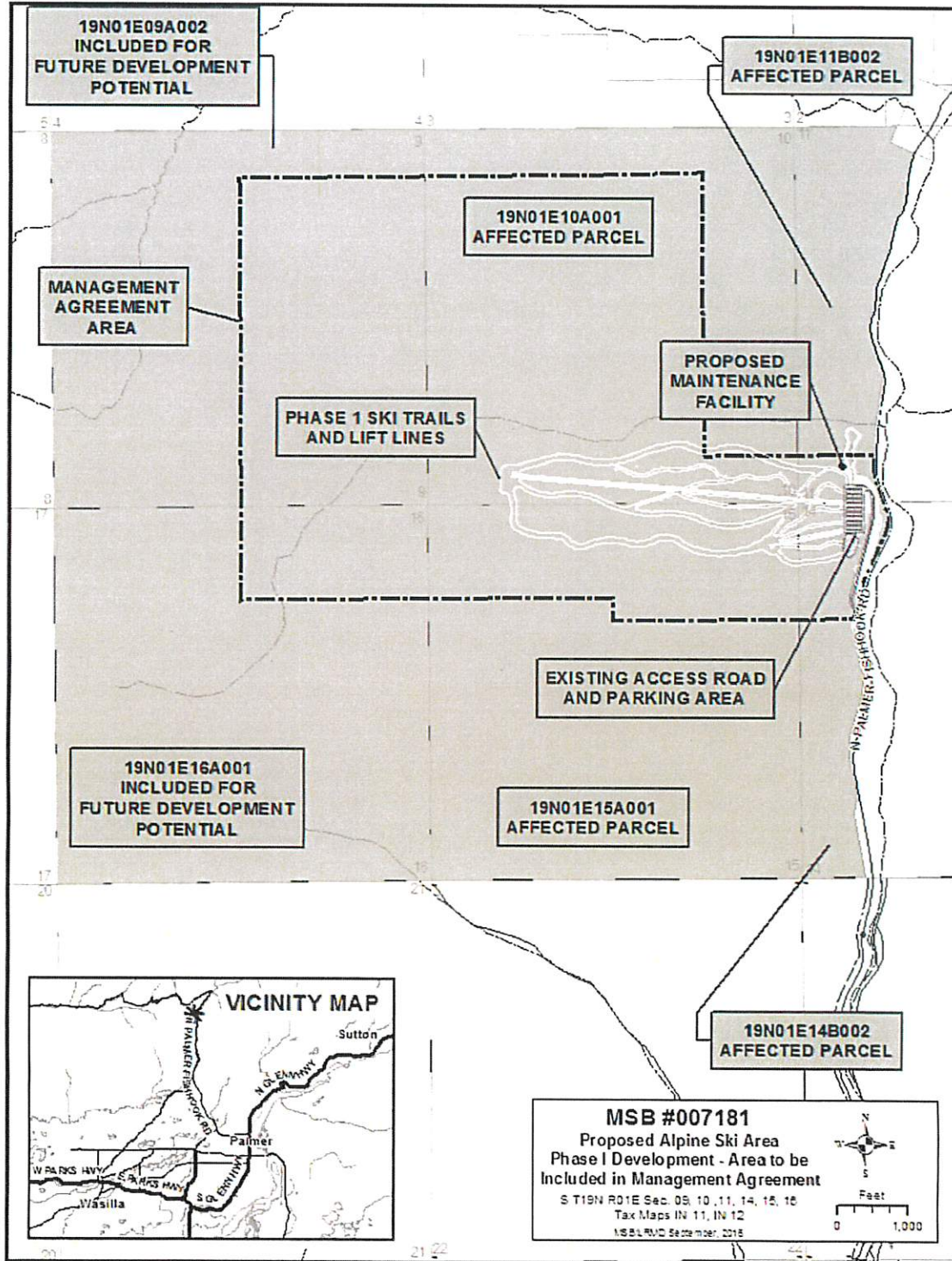
(seal)



Rachael Richardson
Notary Public for the State of Alaska
My commission expires: April 20, 2020

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EXHIBIT A - APPROXIMATE LOCATION



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EXHIBIT B – WORK PLAN AND PHASE 1 IMPROVEMENT PLANS



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Hatcher Pass Alpine Ski Area Construction Plan- Phase 1

The following phase 1 approach is a rough guideline of the progression to implement lift access alpine skiing in the north sub-unit of the Government Peak management area. The progression will be guided as funding and public support allows, and is based loosely off of Chapter 3 of the Matanuska Susitna Borough's Hatcher Pass Management Plan.

- ◆ Phase 1.1 - This first phase consists of: Constructing a Sno-Cat shed to house and protect volunteer's Sno-Cat, clearing brush for trails (approximately 6 miles total- future lift lines as well as downhill runs), and extending and relocating utilities as needed. This phase is expected to be complete by fall of 2017.
- ◆ Phase 1.1a – Once construction of the Sno-Cat shed is complete, HAX would like to start offering snowcat skiing winter of 2016-2017 as a way to raise money for the future Phases, and to prove the concept of the cleared trails, and potential ski area.
- ◆ Phase 1.2– This phase includes the installation of a surface lift, temporary warming facilities, temporary mobile bathroom facilities, lift shelter, and any other temporary buildings and minor existing parking lot grading to enable the surface lift operations to open. This phase is hoped to be complete by winter 2017-18, but more likely 2018-19. Future Phases include constructing a high speed quad chairlift, and upper mountain lifts and trails.

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FROSTBITE RIDGE SKI AREA

PHASE 1 IMPROVEMENT PLANS

PRELIMINARY AUGUST 2016

DESIGNED FOR:



MATANUSKA-SUSITNA
BOROUGH
350 E. Dahlia Ave.
Palmer, AK 99645

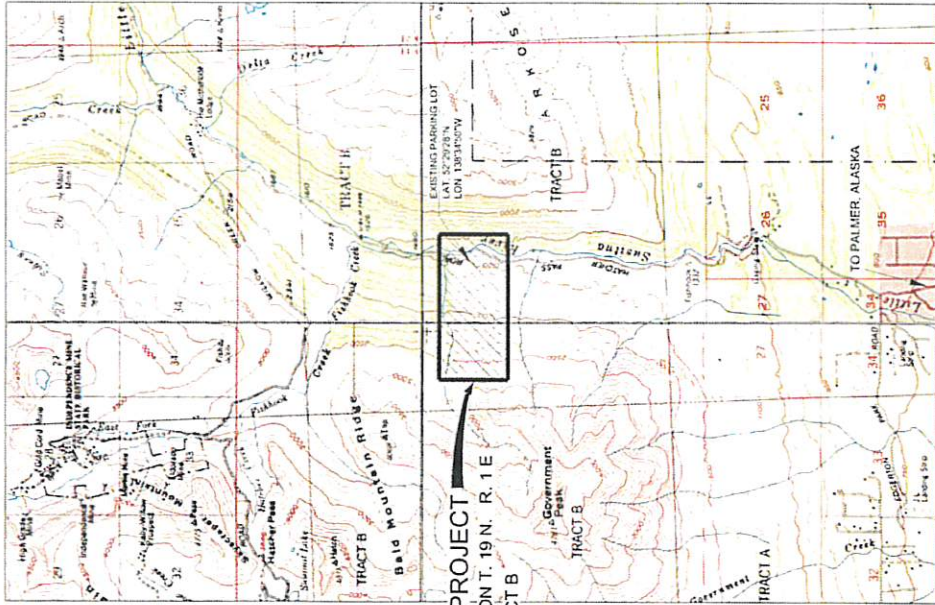


HATCHER ALPINE
EXPERIENCE
P.O. Box 924
Palmer, AK 99645-0924
www.skihatcherpass.org

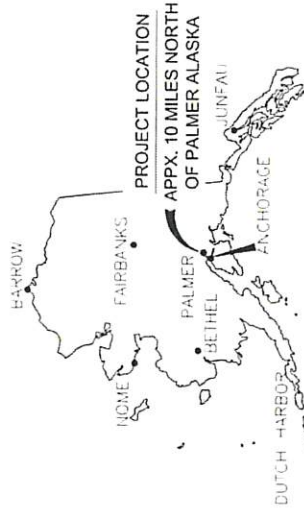
DESIGNED BY:



ALL POINTS NORTH
P.O. BOX 4207
PALMER, AK 99645-4207
(907) 746-4185
www.allpointsnorth.us



VICINITY MAP, 1" = 1/2 MILE



LOCATION MAP, N.T.S.

SHEET INDEX

1. SURVEY CONTROL & EXISTING SITE CONDITIONS
2. OVERVIEW SITE PLAN & SHEET INDEX
3. TYPICAL SECTIONS & QUANTITIES
4. ACCESS ROAD PLAN & PROFILES-1
5. ACCESS ROAD PLANE AND PROFILES-2
6. ACCESS ROAD CROSS SECTIONS-1
7. ACCESS ROAD CROSS SECTIONS-2
8. MAIN PARKING PLAN
9. OVERFLOW PARKING PLAN
10. SURFACE LIFT PLAN & PROFILE
11. HIGH SPEED QUAD PLAN & PROFILE
12. SNOWCAT BUILDING PLAN & SECTIONS
13. RUN CLEARING PLAN

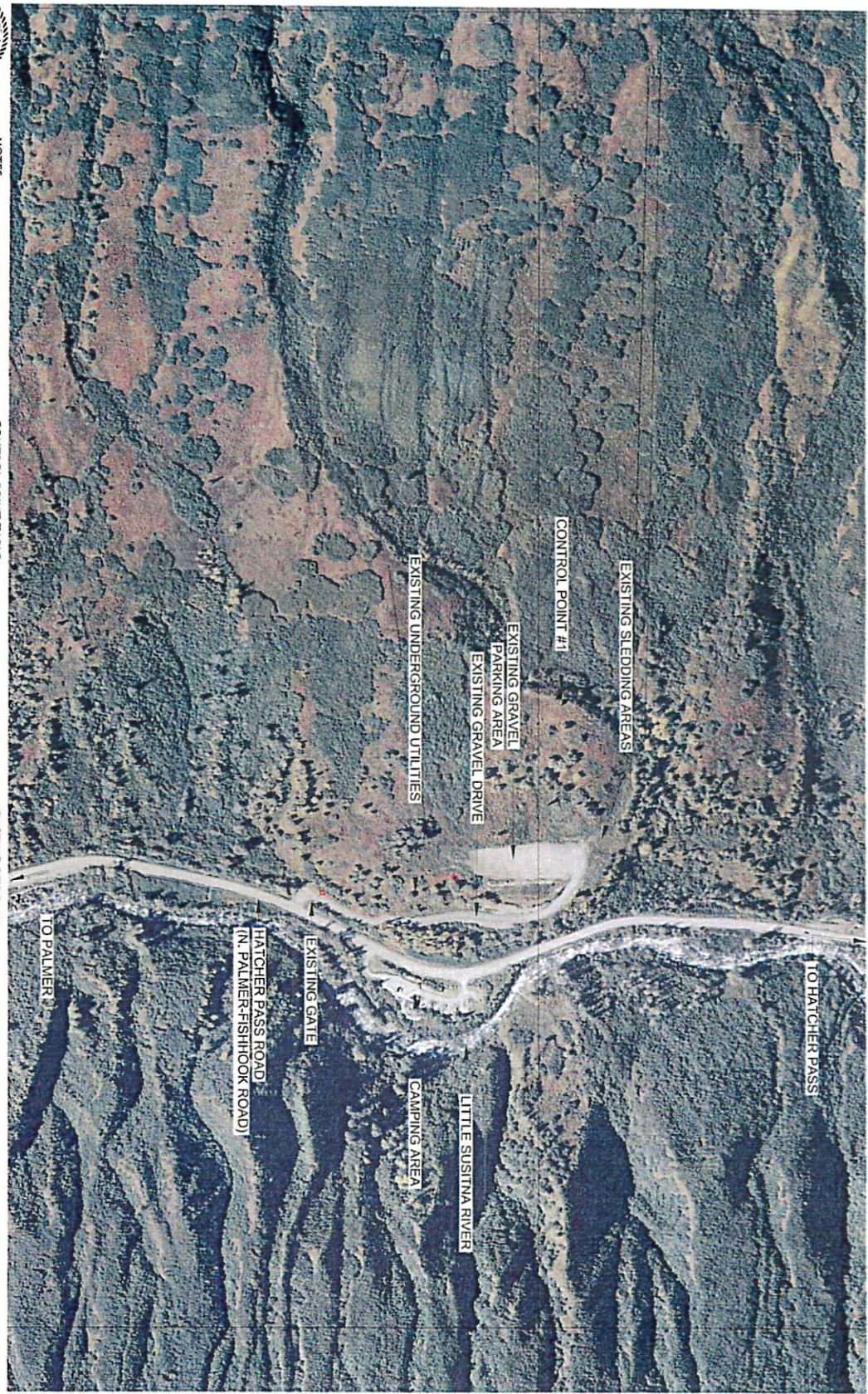
DRAWING PURPOSE NOTE

THE PURPOSE OF THESE DRAWINGS IS TO DEPICT THE CONCEPT LEVEL PLANS FOR PROJECT PHASE 1.
PRELIMINARY, NOT FOR CONSTRUCTION 8-12-2016



8-12-2016

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NOTES

- 1) Source of contours is the Municipality of Anchorage (Map Project, 2011).
- 2) The horizontal datum is NAD83 (2011), projected Alaska State Plane Zone 02, referenced in U.S. Survey Feet.
- 3) The vertical datum is NAVD83 (based on datum 1755 GPUS projection) of Point 81.

CONTROL POINT TABLE

| Point | Northing | Easting | Height | Description |
|-------|------------|------------|---------|---------------------|
| 1 | 2830318.35 | 1772543.31 | 1424.13 | road lane 0.5" Rise |

EXISTING SITE PLAN



ALL POINTS NORTH
 CLIENT: HATCHER ALPINE EXPERIENCE
 PROJECT: PHASE 1 IMPROVEMENT PLANS
 DATE: SURVEY CONTROL & EXISTING SITE CONDITIONS
 SHEET NO. 1 OF 13

SCALE: 1" = 200 FEET
 DATE: 8/12/2016
 SHEET NO. 1 OF 13

1M 20-128 OR 20-062

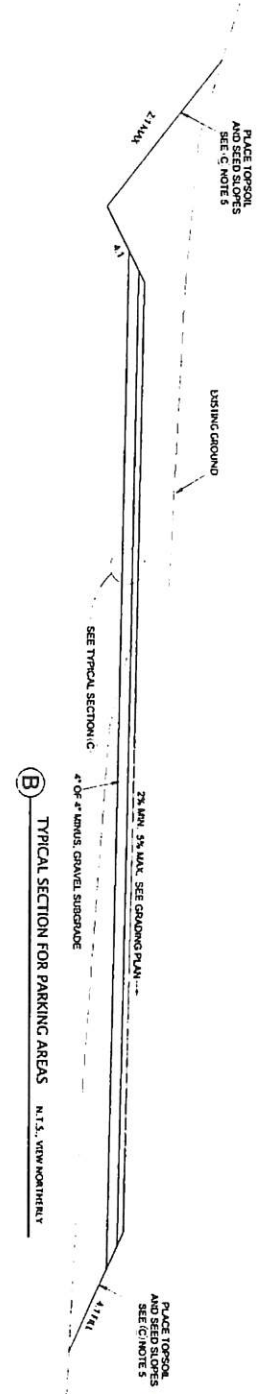
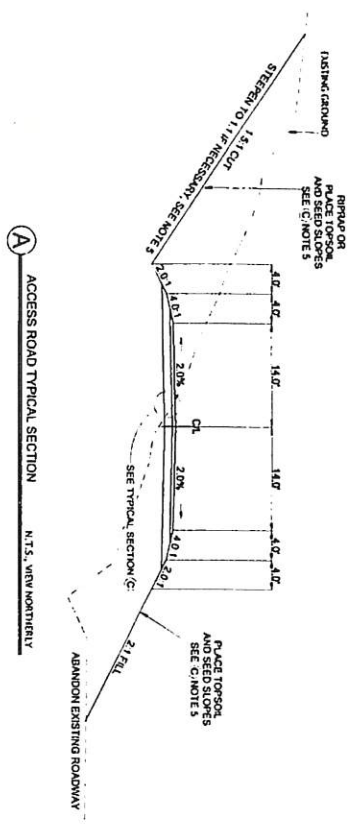


ALL POINTS NORTH
 PLAN TITLE: HATCHER ALPINE EXPERIENCE
 SCALE: 1" = 150 FEET
 DATE: 8/12/2016
 SHEET NO: 2 of 13

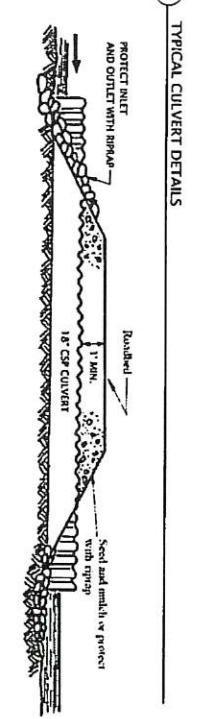
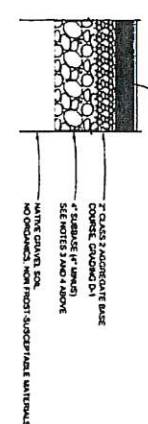
SHEET INDEX



1M 20-128 OR 20-062



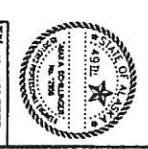
- C ROAD AND PARKING LOT STRUCTURAL SECTION**
- TYPICAL SECTION NOTES:**
- 1) STRIP OR CURB AND GUTTER BEFORE FILLING. ESTIMATED DRAINAGE QUANTITIES AS SUFFICIENT AVERAGE.
 - 2) DRAINAGE AND ALL COVERINGS SHALL BE INSTALLED BEFORE TOPSOIL MAY BE STOCKPILED AT THE LOCATION SHOWN ON PLANS AND USED AS TOPSOIL.
 - 3) SUBGRADE SOIL, MEETING THE REQUIREMENTS OF SELECT MATERIAL, TYPE A AS DETERMINED BY SECTION 401.01 OR SOIL TYPE 3 SHOWN ON SPECIFICATIONS SHALL NOT BE LEFT IN PLACE.
 - 4) FILL AND CONCRETE SHALL BE COMPACTED TO 98% R.C. AS DESCRIBED BY SECTION 401.01 OR SOIL TYPE 3 SHOWN ON SPECIFICATIONS SHALL NOT BE LEFT IN PLACE.
 - 5) BINDER OF TOPSOIL AND SEED IN PLANTS AND PROTECTIVE COVERINGS SHALL BE APPLIED TO SLOPES STEEPER THAN 1.5:1 AND REQUIRED, UNTIL PLANT PRODUCTION CONTROL MEASURES AS DESCRIBED BY CONTRACT.



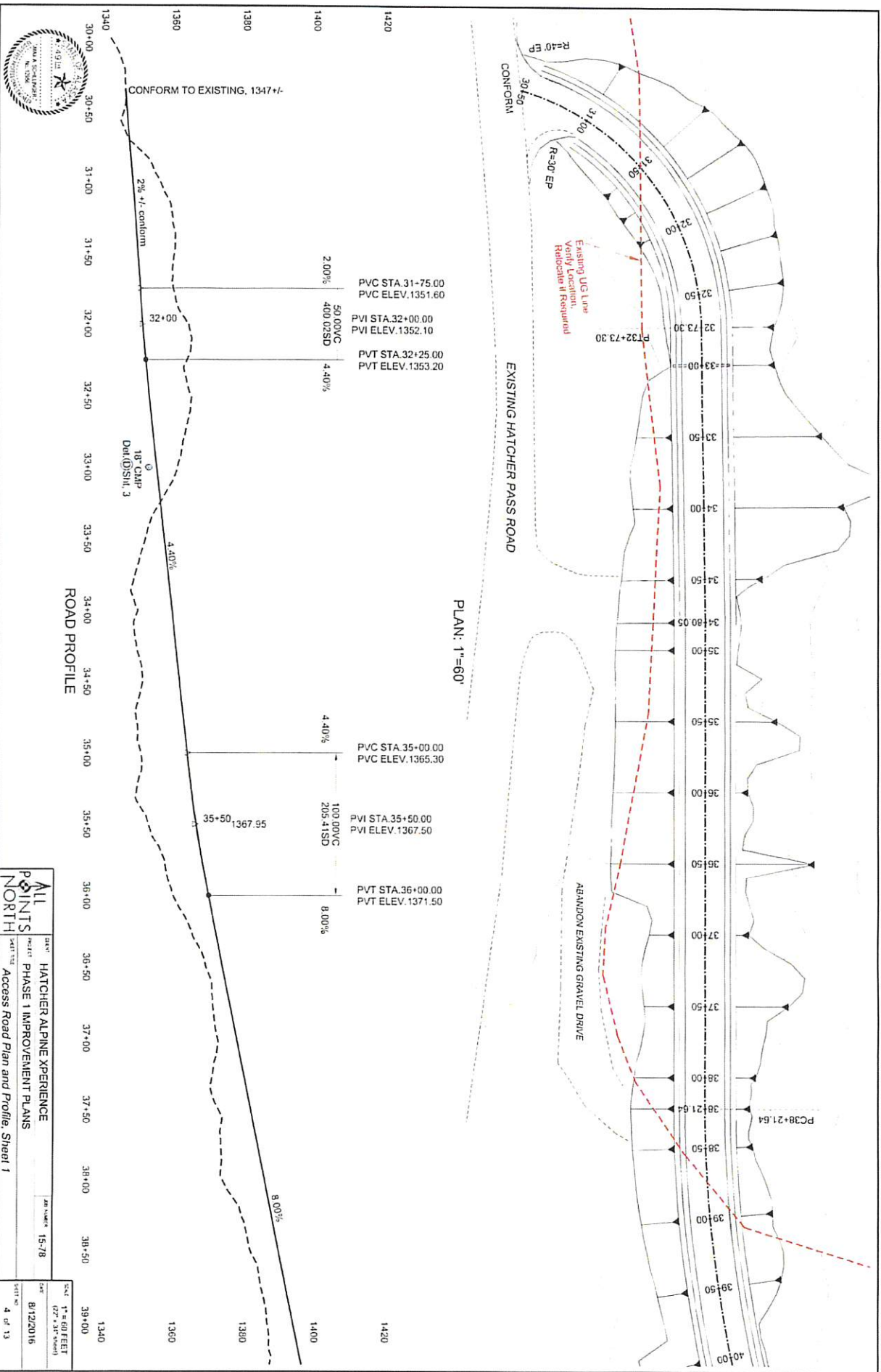
E STATEMENT OF QUANTITIES

| ITEM NO. | ITEM DESCRIPTION | QUANTITY |
|----------|--|---------------|
| 2020 | UNCLASSIFIED EXCAVATION | XXXXXX |
| 2021 | UNCLASSIFIED EXCAVATION | XXXXXX |
| 401(1) | ASPHALT DRIVEWAYS, TYPE B, CLASS A | LS, 3, 10.0AL |
| 602(1) | NOTE: ASPHALT REQUIRED | XXXXXX |
| 618(1) | XX RICH CORROSION RESISTANT METAL PIPE | XX SF |
| 620(1) | SEWERING | XX AC |
| 621(1) | TOPSOIL MAINTENANCE | XX SF |
| 622(1) | TOPSOIL MAINTENANCE | XX SF |
| 623(1) | TOPSOIL MAINTENANCE | XX SF |

| | | |
|---------------------------------|---------------|---------------|
| All POINTS NORTH | DATE | 15-78 |
| | SCALE | 1" = 100 FEET |
| HATCHER ALPINE EXPERIENCE | | |
| PHASE 1 IMPROVEMENT PLANS | | |
| TYPICAL SECTIONS AND QUANTITIES | | |
| Scale | 1" = 100 FEET | |
| Date | 8/12/2016 | |
| Page | 3 of 13 | |



1M 20-128 OR 20-062



ALL POINTS NORTH

HATCHER ALPINE XPRIENCE

PHASE 1 IMPROVEMENT PLANS

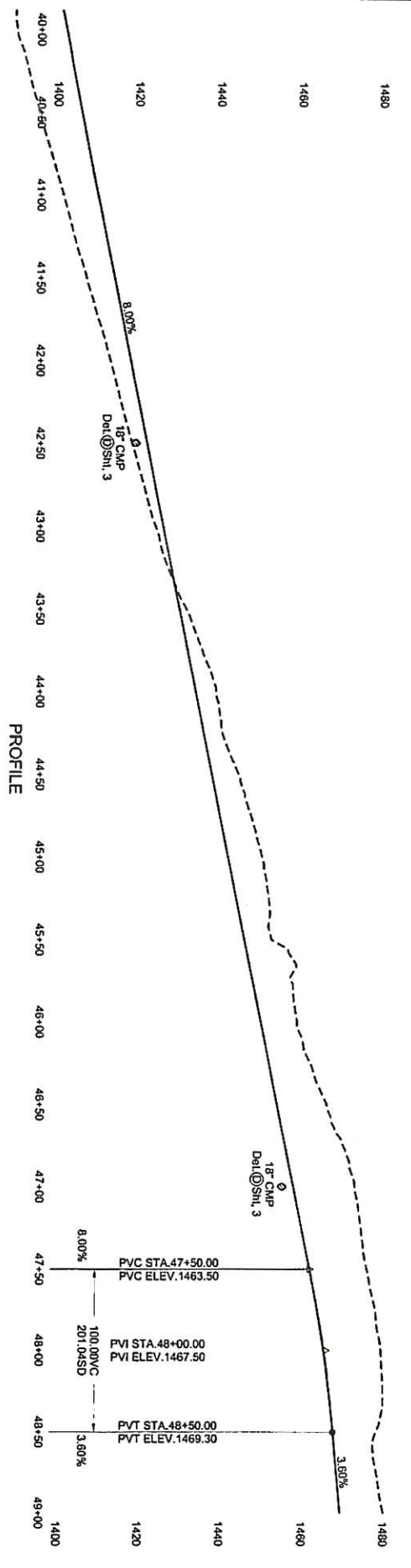
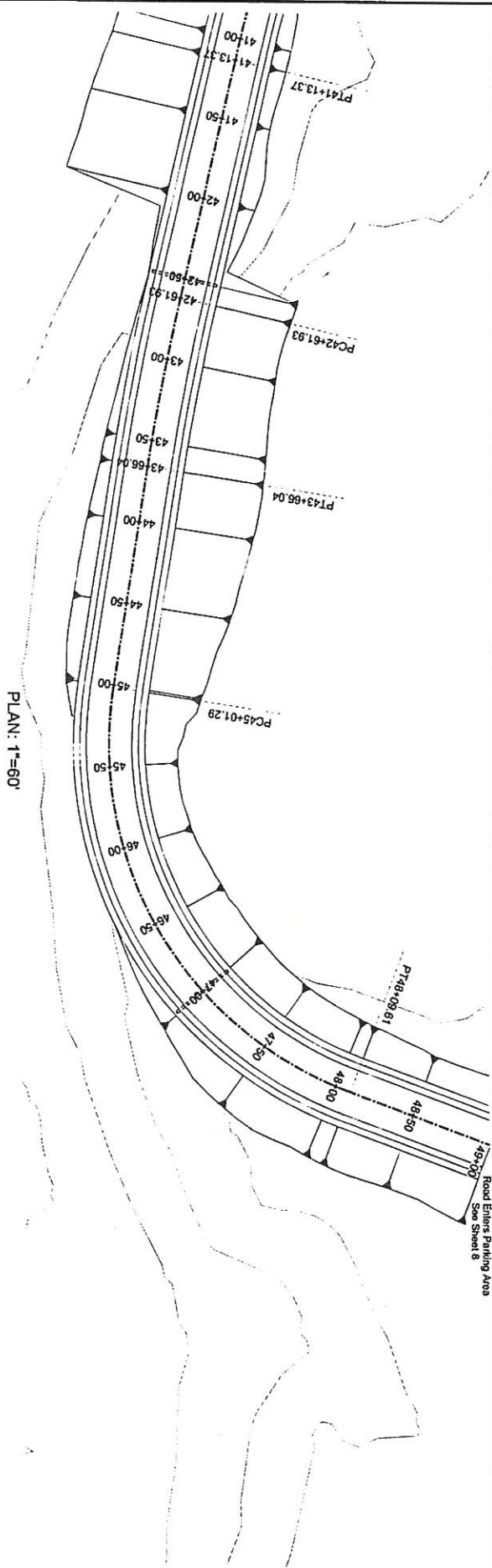
Access Road Plan and Profile, Sheet 1

DATE: 8/12/2016

SCALE: 1"=60 FEET

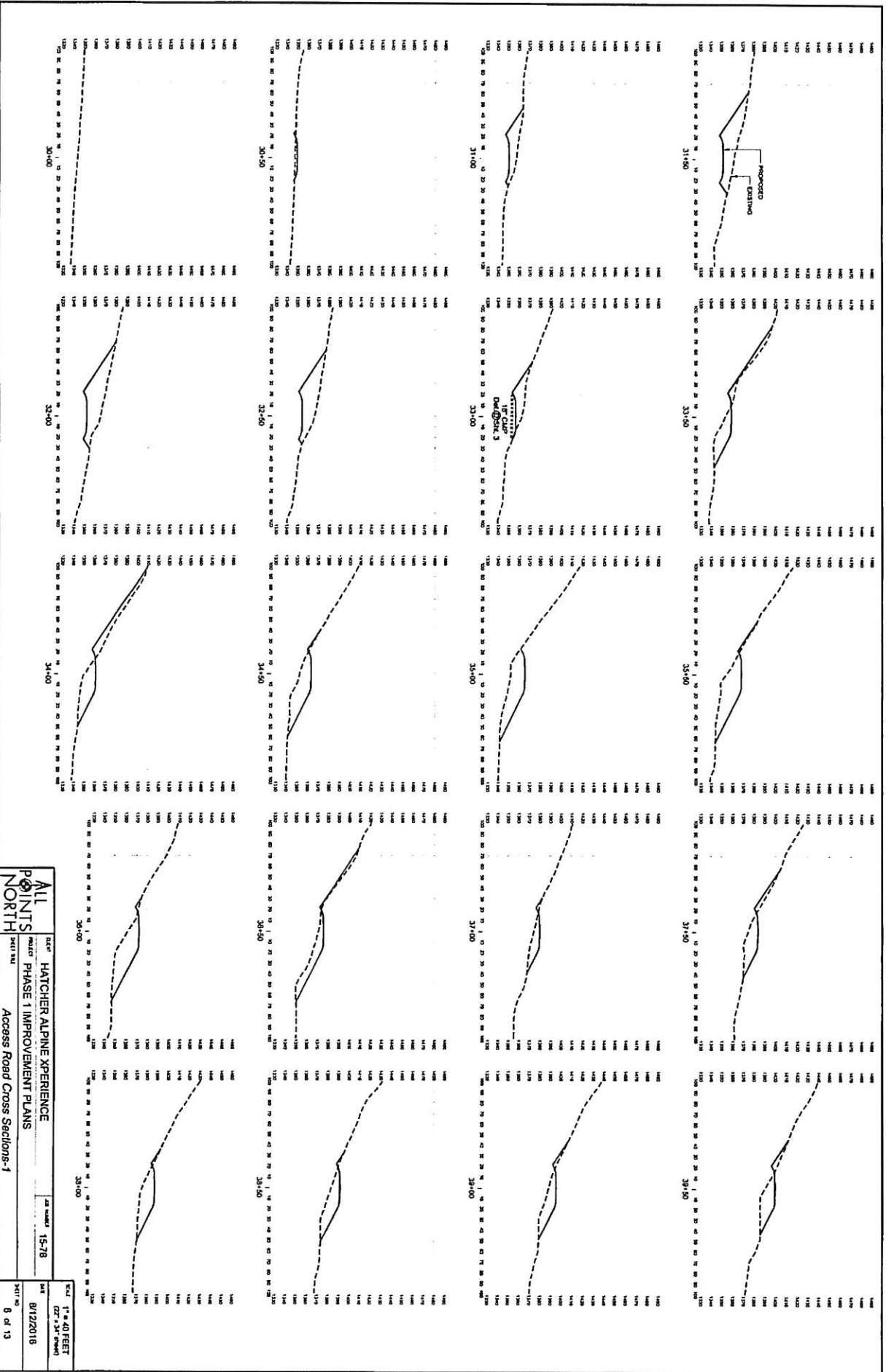
SHEET NO: 4 of 13

1M 20-128 OR 20-062



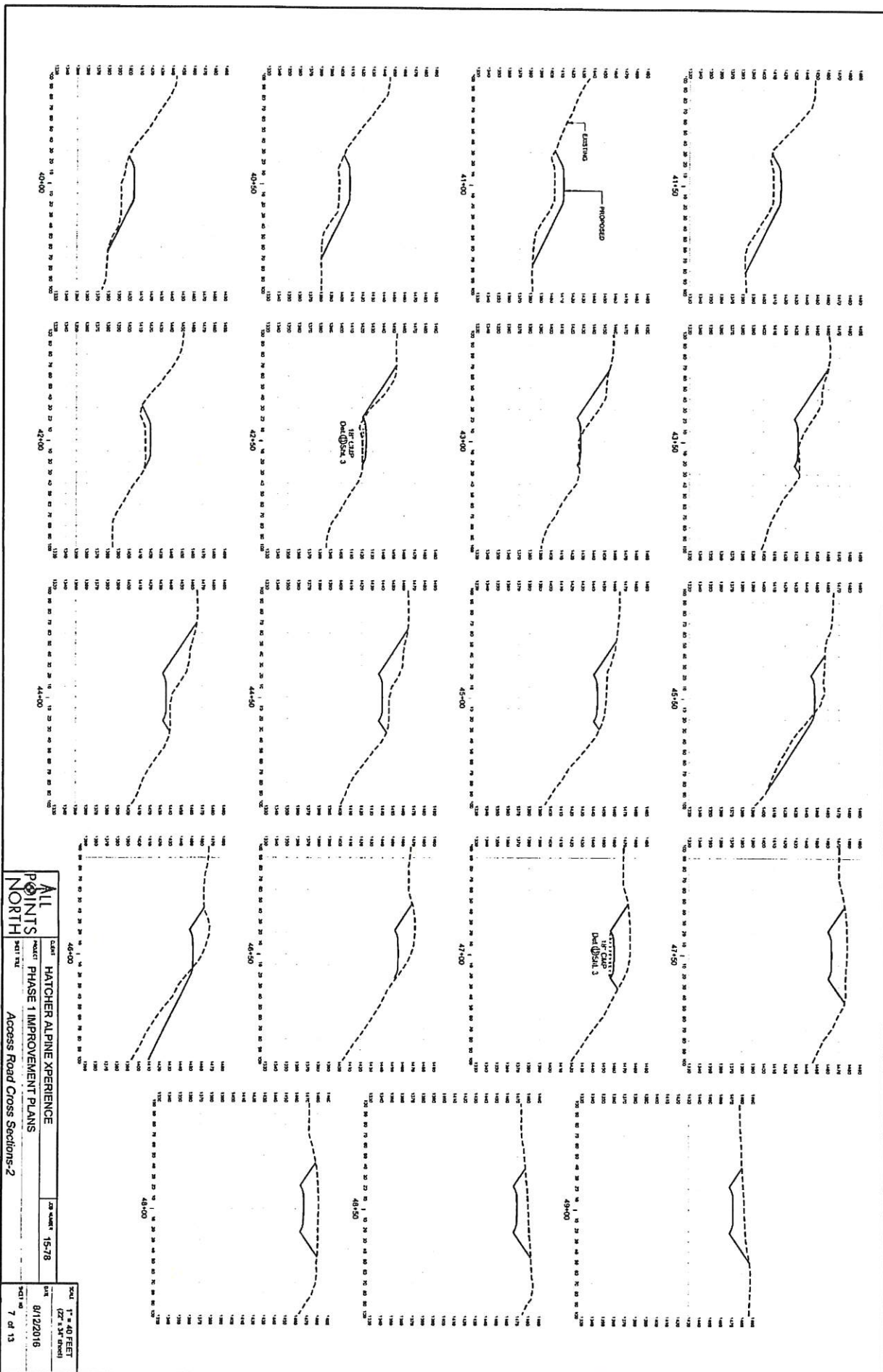
| | | | | |
|-------------------------|-------------|---|-----------|--------------|
| ALL POINTS NORTH | DATE | 8/12/2016 | SCALE | 1" = 60 FEET |
| | PROJECT | HATCHER ALPINE EXPERIENCE PHASE 1 IMPROVEMENT PLANS | DATE | 8/12/2016 |
| | DESIGNER | 15-78 | SHEET NO. | 5 of 13 |
| | PROJECT NO. | Access Road Plan and Profile, Sheet 1 | | |

1M 20-128 OR 20-062



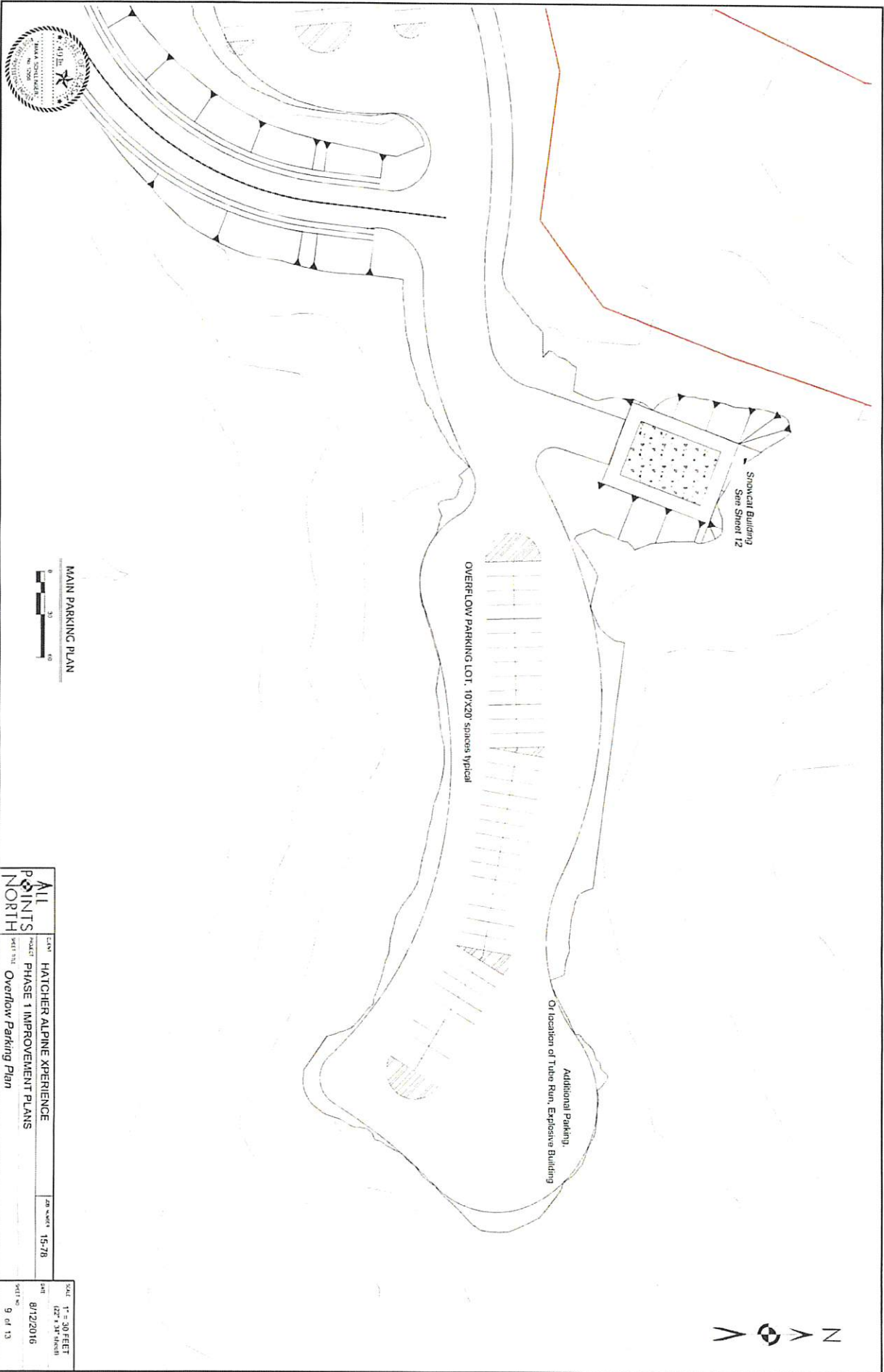
All POINTS NORTH
 HATCHER ALPINE EXPERIENCE
 PHASE 1 IMPROVEMENT PLANS
 Access Road Cross Sections - 1
 SCALE: 1" = 40 FEET
 DATE: 6/12/2018
 SHEET NO: 8 of 13

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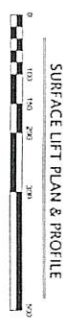
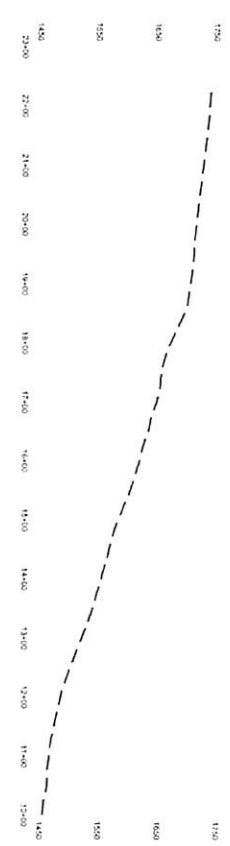
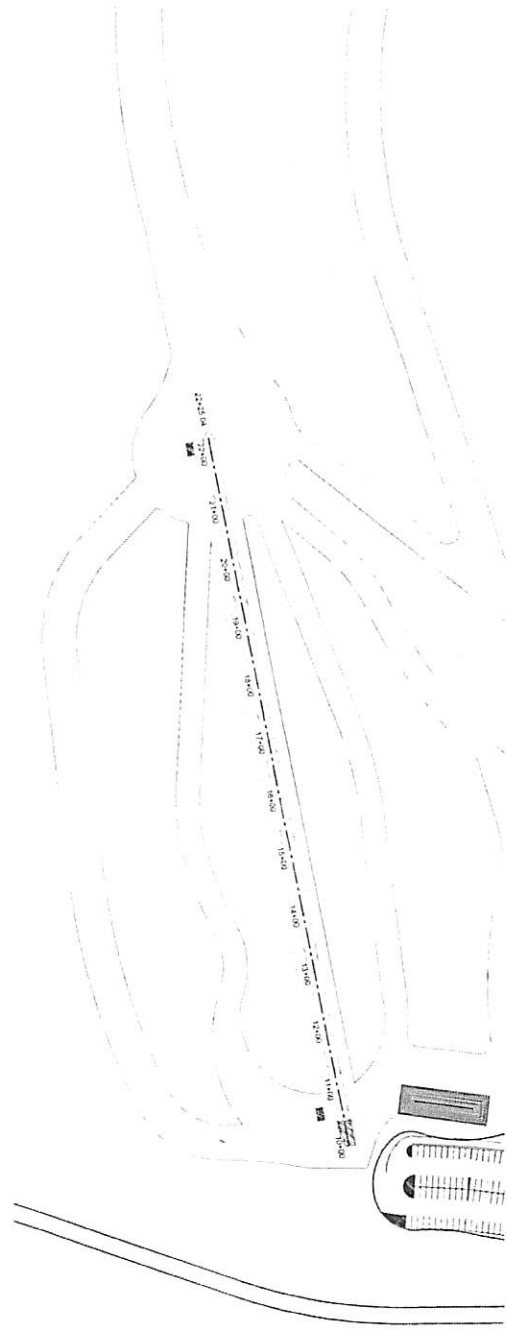
ALL POINTS NORTH
 SCALE: HATCHER ALPINE EXPERIENCE
 PROJECT: PHASE 1 IMPROVEMENT PLANS
 SHEET NO: 7 of 13
 DATE: 8/12/2016
 DRAWN BY: [Name]
 CHECKED BY: [Name]

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| | | | | |
|------------------------|---------|---------------------------|-----------|--------------|
| All POINTS NORTH | DATE | 15-78 | SCALE | 1" = 30 FEET |
| | PROJECT | HATCHER ALPINE EXPERIENCE | DATE | 07/22/2016 |
| | PHASE | PHASE 1 IMPROVEMENT PLANS | SHEET NO. | 9 of 13 |
| | TITLE | Overflow Parking Plan | | |

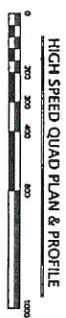
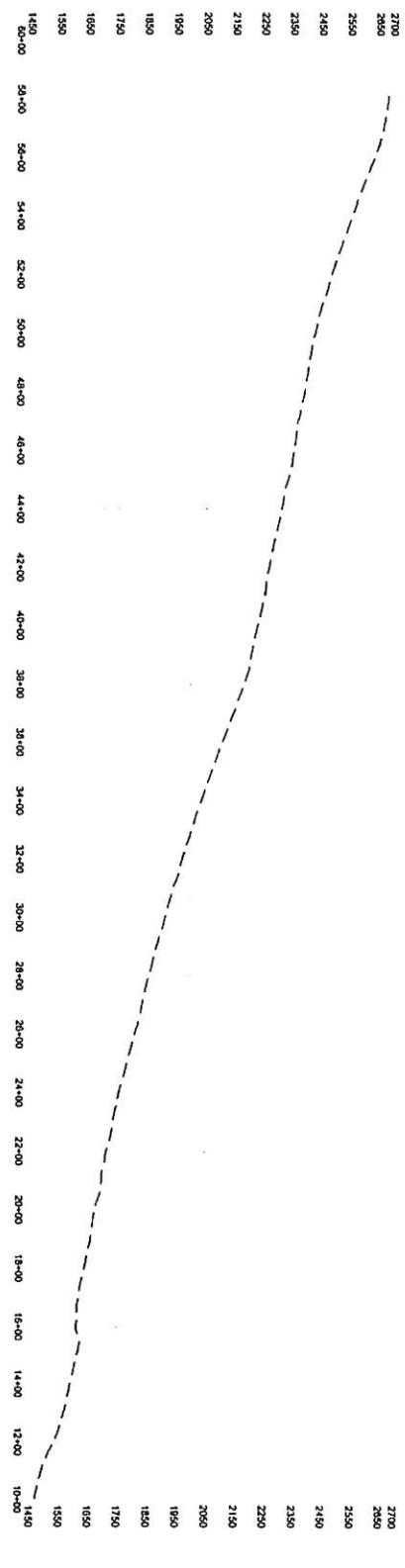
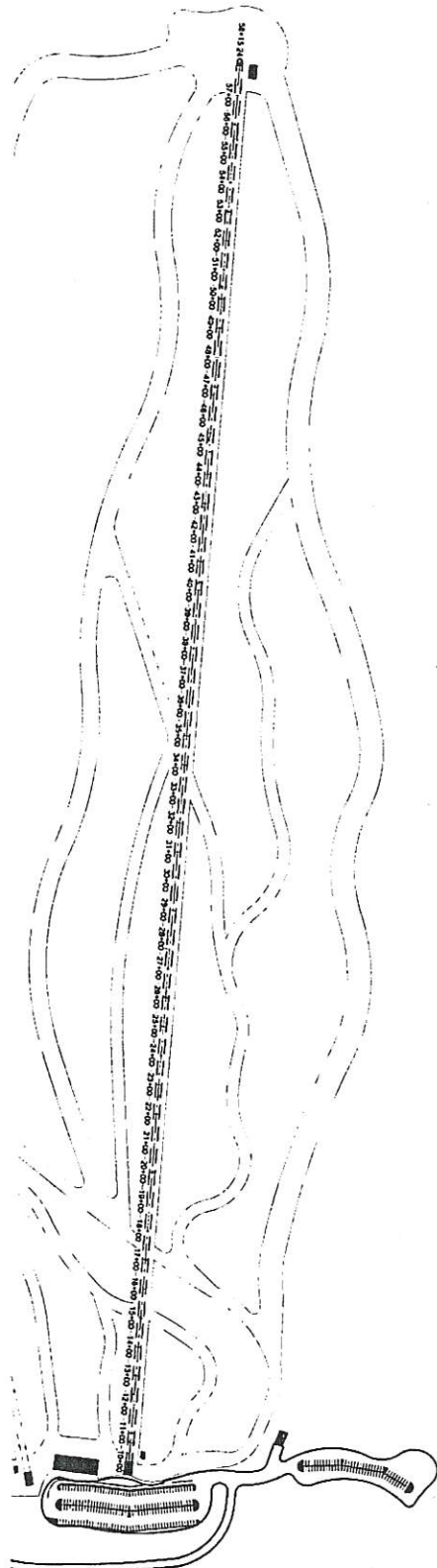
1M 20-128 OR 20-062



ALL POINTS NORTH
 HATCHER ALPINE EXPERIENCE
 PHASE 1 IMPROVEMENT PLANS
 Surface Lift Plan and Profile

1" = 100 FEET
 8/12/2016
 10 of 13

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HIGH SPEED QUAD PLAN & PROFILE

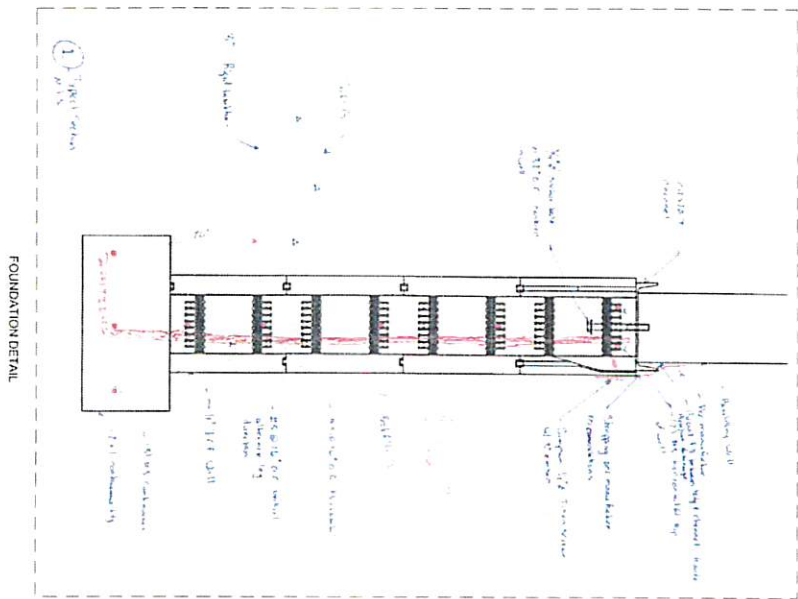
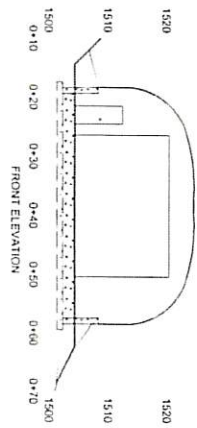
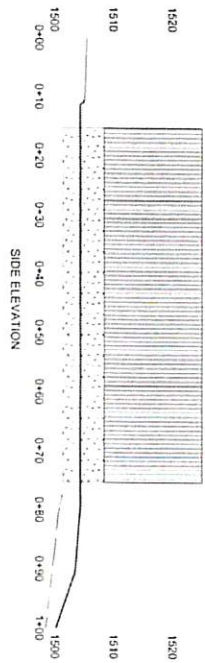
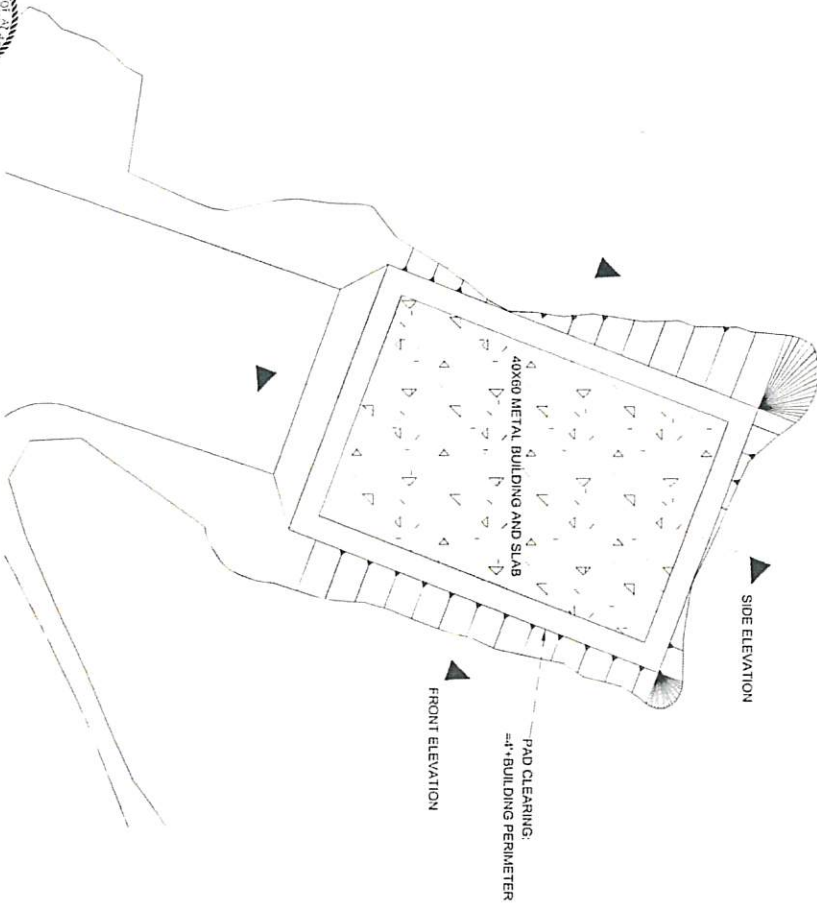
| | | | | |
|------------------------|-----------|---|-----------|--------------------------------------|
| All POINTS NORTH | Client | HATCHER ALPINE EXPERIENCE | Scale | 1" = 200 FEET (2" x 3 1/2" sheet) |
| | Project | PHASE 1 IMPROVEMENT PLANS High Speed Quad Plan and Profile | Date | 8/12/2016 |
| | Sheet No. | 15-78 | Sheet No. | 11 of 13 |



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SNOWCAT DETAIL PLAN



| | | |
|--|--|--|
| ALL POINTS NORTH HATCHER ALPINE EXPERIENCE PHASE 1 IMPROVEMENT PLANS Snowcat Building Plan | DATE | 2016.04.15 |
| | SCALE | AS SHOWN |
| SCALE: 1" = 10' FEET DATE: 8/12/2016 SHEET NO.: 12 of 13 | DRAWN BY: JAM CHECKED BY: JAM PROJECT NO.: 15-78 | DATE: 8/12/2016 SHEET NO.: 12 of 13 |

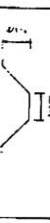
1M 20-128 OR 20-062

GENERAL NOTES

1. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.
2. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.
3. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.
4. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.
5. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.

DESIGN DATA (NOT TO SCALE)

1. CONCRETE STRENGTH - 4000 PSI
2. STEEL STRENGTH - 50,000 PSI
3. WIND SPEED - 100 MPH
4. SEISMIC ZONE - 2

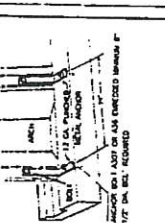


NOTES

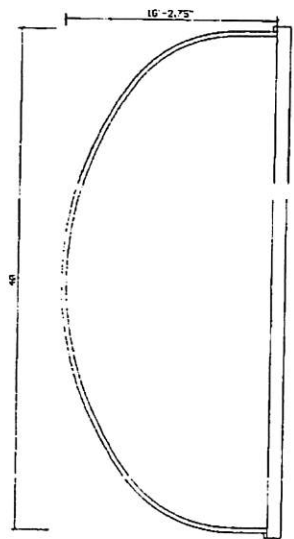
1. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.
2. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.
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5. ALL WORK SHALL BE ACCORDING TO THE LATEST EDITIONS OF THE SPECIFICATIONS FOR STRUCTURAL STEEL AND CONCRETE.

LEGAL NOTE

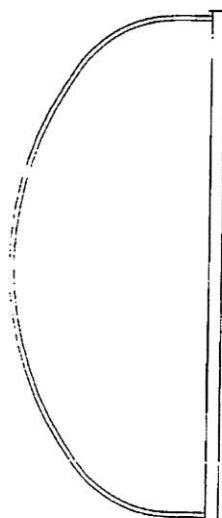
I, the undersigned, being a duly Licensed Professional Engineer in the State of Alaska, do hereby certify that the above is a true and correct copy of the original drawings as filed in my office.



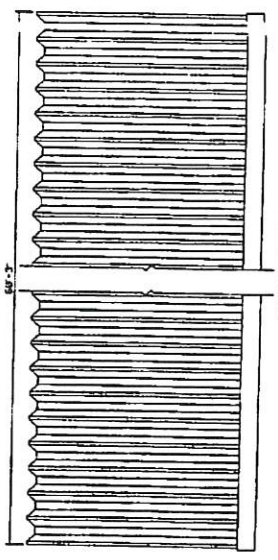
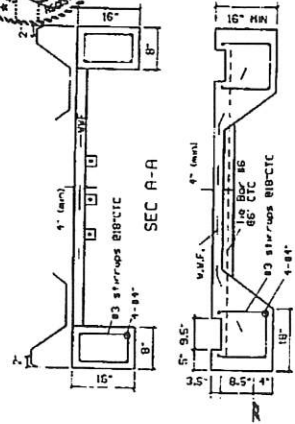
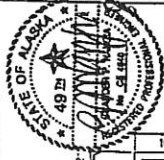
| | |
|--|-------------|
| PROJECT NO. | 198-16-2-PT |
| DATE | 8-1958 |
| DESIGNED BY | |
| CHECKED BY | |
| APPROVED BY | |
| STREETPOSTER BUILDINGS LTD. | |
| 1000 W. 10TH AVENUE, ANCHORAGE, ALASKA | |



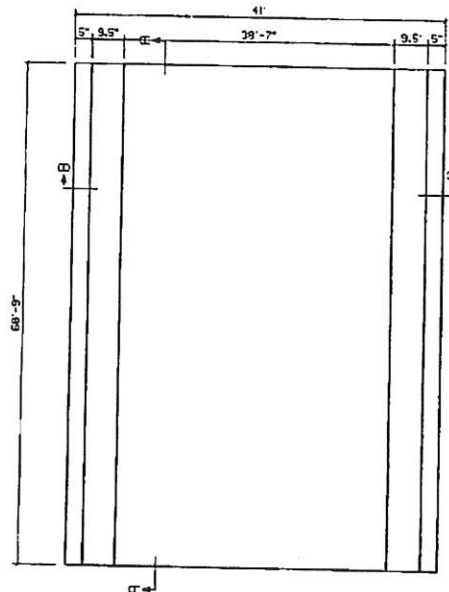
FRONT ELEVATION



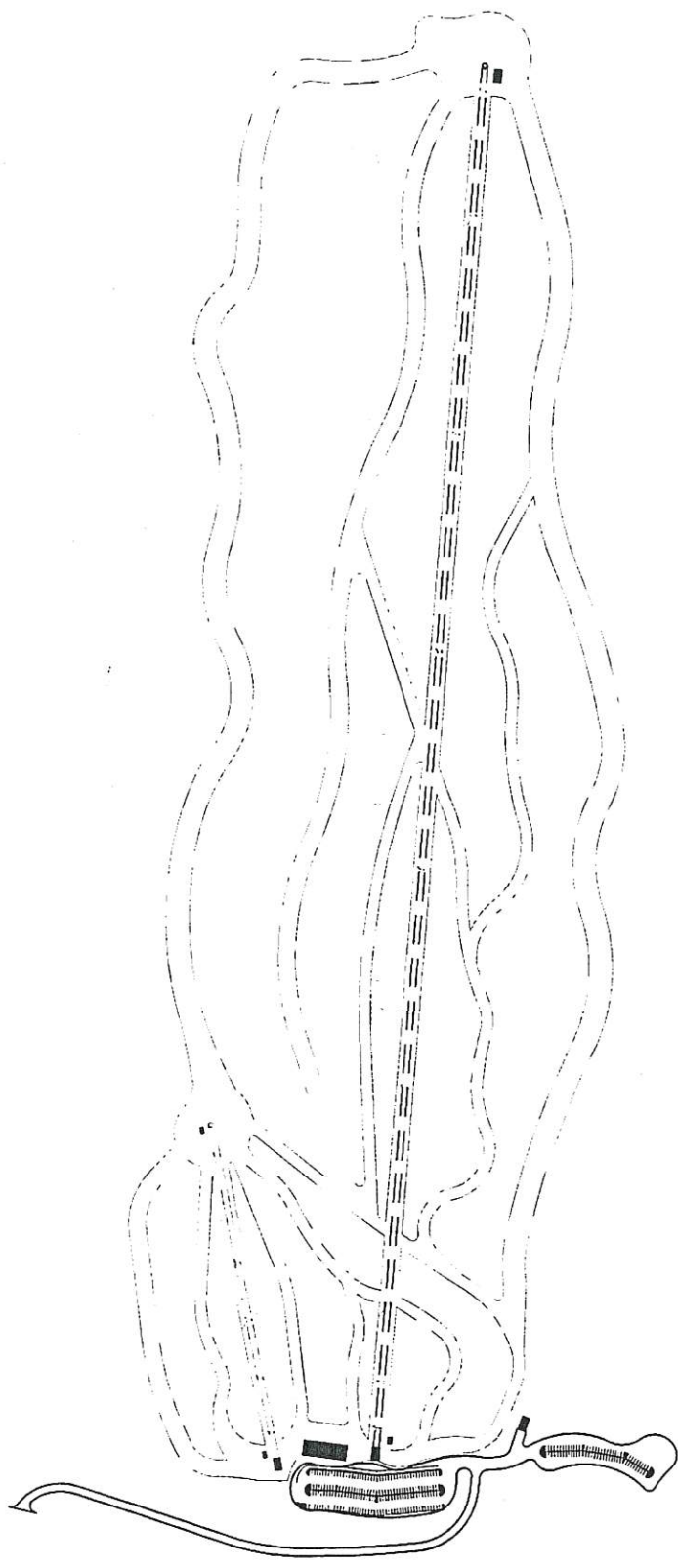
REAR ELEVATION



SIDE ELEVATION



FOUNDATION PLAN



NOTES:
 1) Trails to be abandoned as close to ground level as possible for safety.
 2) Slope is approximately 25.5 acres (on area, 1.25 acres for surface RL, and 1.10 acres for High Speed Quad)
 3) Cleared width varies between 40 and 60 feet.



| | | | |
|------------------|---------|---|---------------------------------|
| ALL POINTS NORTH | DATE | 15-78 | SCALE: 1" = 200 FEET (OR 1:200) |
| | PROJECT | HATCHER ALPINE EXPERIENCE PHASE 1 IMPROVEMENT PLANS Trail Clearing Plan | |
| | DATE | 8/12/2018 | SCALE: 13 of 13 |

EXHIBIT C - INSURANCE

It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of the Agreement to create in the public or any member thereof a third party benefit hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

HAX shall procure and maintain the following insurance:

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services office form number CG 0001 (Edition 10/01) covering Commercial General Liability.
2. Insurance Services office form number CA 0001 (Edition 10/99) covering Automobile Liability, symbol 8 & 9 "hired and non-owned vehicles."
3. Worker's Compensation insurance as required by the State of Alaska and Employers Liability Insurance.

B. Minimum Limits of Insurance

HAX shall maintain limits no less than:

1. General Liability:

\$1,000,000 combined single limit per occurrence for bodily injury, property damage, personal injury and advertising injury. The general aggregate limit shall be \$1,000,000.

General liability insurance shall be maintained in effect throughout the term of the Agreement.

If the general liability insurance is written on a claim made form, the HAX shall provide insurance for a period of two years after termination or expiration of this Agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.

2. Auto Liability:

\$1,000,000 combined single limit per accident for bodily injury and property damage.

3. Worker's Compensation and Employers Liability:

Worker's Compensation shall be statutory as required by the State of Alaska. Employer's liability shall be endorsed to the following minimum limits:

| | |
|-----------------------------|-------------------------|
| Bodily injury by Accident - | \$100,000 each accident |
| Bodily injury by Disease - | \$100,000 each employee |
| Bodily injury by Disease - | \$500,000 policy limit |

4. Excess Liability:

In order to meet the required minimum limits of insurance it is permissible for the HAX to combine an excess liability or umbrella policy with the general liability, auto liability or employer's liability. In the instance where HAX purchases an excess liability or umbrella policy the occurrence limit and the aggregate limit may be of the same amount.

C. Deductibles and Self-Insured Retention

Prior to work commencing, any deductible or self-insured retention must be declared and approved by the Borough. HAX may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the Borough, HAX shall reduce or eliminate such deductibles or self-insured retention as respects the Borough, its officers, officials, employees and volunteers; or the HAX shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability

- a. The Borough, its Administrator, officers, officials, employees and volunteers shall be covered as additional insured as respects: liability arising out of activities performed by or on behalf of the HAX; products and completed operations of the HAX premises owned, occupied or used by HAX or automobiles owned, leased, hired or borrowed by the HAX. The coverage shall contain no special limitation on the scope of protection afforded to the Borough, its Administrator, officers, officials, employees, and volunteers.
- b. HAX's insurance coverage shall be primary insurance as respects the Borough, its Administrator, officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Borough, its Administrator, officers, officials, employees, and volunteers shall be excess of HAX's insurance and shall not contribute to it.

c. HAX's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Worker's Compensation and Employer's Liability

The insurer shall agree to waive all rights of subrogation against the Borough, its Administrator, officers, officials, employees, and volunteers for losses arising from work performed by the HAX or any subcontractor of HAX in relation to this Agreement.

3. All Insurance

For each insurance policy required by this Agreement, coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after 30 days prior written notice for nonpayment of premium or fraud on the part of HAX or after 60 days prior written notice for any other reason. Such written notice must be made by certified mail, return receipt requested to the Borough Manager and to the Foundation. Each insurance policy obtained by the Foundation must provide for such notice by the insurance company directly to the Borough Manager.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VII.

F. Verification of Coverage

HAX shall furnish the Borough with certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the Borough. All certificates are to be received and approved by the Borough before work commences. The Borough reserves the rights to require complete, certified copies of all required insurance policies, at any time.

G. Subcontractors and Sublessee's

All subcontractors and sublessees shall provide their own insurance. HAX must maintain a list of all vendors and current certificates of insurance for each. All coverage for subcontractors and sublessees shall be subject to all requirements stated herein.

H. Lapse in Insurance Coverage

A lapse in insurance coverage, any change that restricts, reduces insurance provided, or changes name of insured without Borough approval is a material breach of this agreement, which can result in immediate termination of the agreement.

1M 20-128
OR 20-062

**MANAGEMENT AGREEMENT
AMENDMENT NO. 1
BETWEEN MATANUSKA-SUSITNA BOROUGH
AND
HATCHER ALPINE XPERIENCE**

This Management Agreement Amendment No. 1, hereinafter the "Amendment", is made and entered into this 29 day of May, 2019, by and between the Matanuska-Susitna Borough, a municipal corporation organized under the laws of the State of Alaska, whose address is 350 East Dahlia Avenue, Palmer, Alaska, 99645, hereinafter called "Borough," and Hatcher Alpine Xperience, a nonprofit corporation, whose current mailing address is PO Box 924, Palmer, Alaska, 99645, hereinafter called "HAX."

WHEREAS, the Borough and HAX are parties to that certain Management Agreement, hereinafter "Agreement," dated September 20, 2016; and

WHEREAS, HAX has received funding from various sources to build the first phase of an alpine ski area, hereinafter called "Skeetawk Ski Area," and

WHEREAS this first phase of HAX's development plan, which consists of Phases 1.1a and 1.2 in the Agreement, hereinafter "Phase 1A" includes a 1,250' long chairlift, associated trails and grooming, and the basic infrastructure to facilitate snow sports for all ages; and

WHEREAS, the Borough and HAX desire to amend the Agreement with respect to the specific terms and conditions for the construction, maintenance, and operations of an alpine ski area consistent with Phase 1A.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Borough and HAX agree to the following amendments and additions to the Agreement:

1. Purpose: This Amendment provides HAX the approval to construct Phase 1A as shown in Exhibit A and the Phase 1A Improvement Plans (issued for agency review), dated February 25, 2019, for the expansion of the parking area, CXT Vault Toilet, return to lift road, support buildings (ticket, lift, ski patrol, and yurt), triple chair lift, and access road.
2. Government Peak Recreation Area Recreational Amenity Review: In accordance with the Agreement, the Borough has reviewed the Recreational Amenity Application and provided approval on May 2, 2019, with four conditions outlined in a letter signed by Eric Phillips, Community Development Director, and the five conditions outlined in an email authored by Mike Campfield, Civil & Environmental Engineer.
3. Responsibilities of the Borough: The parties agree to delete Section 5(A)(6) of the Agreement in its entirety and replace it with the following:

The Borough will continue to pay for the cost of electricity used by the 40' X 60' storage building and pay the cost of the portable restrooms and associated maintenance of the

portable restrooms (wintertime only). Furthermore, the Borough will pay the cost of the solid waste service for HAX use only during the construction period. As a requirement for construction, HAX shall require that any contract it enters into with contractors, sub-contractors, or agents providing services for the Phase 1A improvements provides that the contractor, sub-contractor, or agent is responsible for their solid waste services and removal. At the completion of the construction for Phase 1A and prior to operating Skeetawk Ski Area for the 2019/2020 ski season, HAX will be responsible for its ongoing maintenance and services.

4. Responsibilities of HAX: In addition to its obligations in Section 5(B) of the Agreement, HAX agrees:

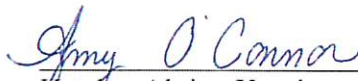
- 1) Prior to operations of the ski area, HAX will provide the Borough with the Plan of Operation approved by the Commissioner of the Alaska Department of Natural Resources for each ski season it is in operation (AS 05.45.040). Any changes or updates to the plan of operation shall be reviewed and approved by the Borough and the Commissioner of the Alaska Department of Natural Resources.
- 2) To obtain approval from the Borough through the Government Peak Recreation Area Amenity Review process prior to any updates or changes to the application on file as approved on May 2, 2019.
- 3) Provide the Borough with an engineer's stamped, signed plan set for the Phase 1A Improvement Plans prior to commencement of work.
- 4) The installation of any water system(s) and onsite wastewater system(s) shall be installed as required by Alaska Department of Environmental Conservation regulations for commercial operations. HAX further agrees to provide all reports, well logs, or any pertinent documentation for the installed water system(s) and onsite wastewater system(s) to the Borough upon completion of installation.
- 5) To obtain all federal, state, and local permits required for construction of the improvements and provide the Borough a copy of the required permits 48 hours prior to commencement of work.
- 6) To obtain all Certificates of Insurance from contractors and subcontractors or their agents, naming the Borough as additional insured, and provide the Borough with a copy of the certificate(s) of insurance 48 hours prior to commencement of work.
- 7) To maintain insurance for all its responsibilities and activities related to this Amendment including its development, construction, maintenance, and operation of the alpine ski area. The insurance shall at least meet the minimum requirements outlined in Exhibit "B" for Phase 1A. HAX agrees prior to commencement of skiing operations for the winter 2019 activities, HAX shall re-evaluate its insurance requirements with the Borough and each year thereafter 60 days prior to the start of

the ski season it is in operation. The parties will agree to insurance requirements for the other phases prior to commencing those activities.

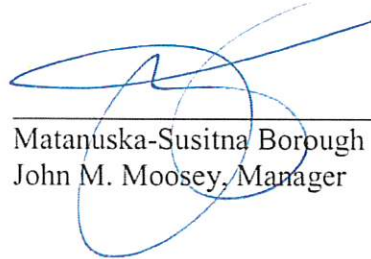
HAX shall evaluate its insurance requirements yearly.

All other terms and conditions of the Management Agreement effective September 20, 2016, are reaffirmed and shall remain in full force and effect.

IN WITNESS THEREOF, the parties hereto have caused this Amendment to be executed on the day and year first above written.



Hatcher Alpine Xperience
Amy O'Connor, Executive Director



Matanuska-Susitna Borough
John M. Moosey, Manager

State of Alaska)
) ss.
Third Judicial District)

THIS IS TO CERTIFY that on this 22nd day of MAY, 2019 before me, the undersigned a Notary Public in and for the state of Alaska, duly commissioned and sworn as such personally appeared to me Amy O'Connor, Executive Director of Hatcher Alpine Xperience, who acknowledged to me that she executed the within and foregoing document on behalf of the nonprofit corporation as the voluntary act and deed of said corporation, for the uses and purposes stated therein mentioned.

WITNESS my hand and official seal the day and year herein and above written.

(seal)



Tracy K. McDaniel
Notary Public for the State of Alaska
My commission expires: 7/21/2020

State of Alaska)
) ss.
Third Judicial District)

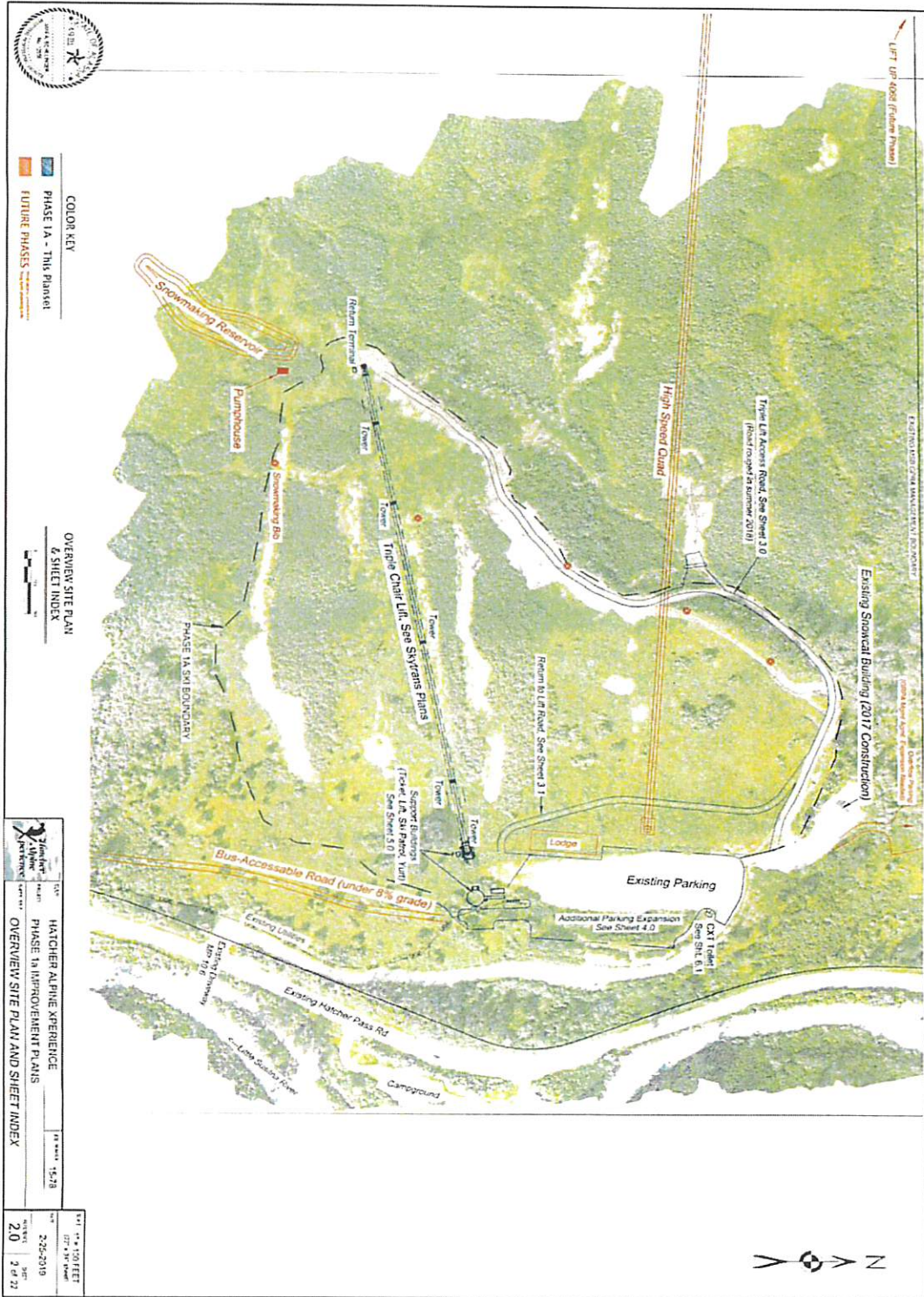
THIS IS TO CERTIFY that on this 29th day of May, 2019 before me, the undersigned a Notary Public in and for the state of Alaska, duly commissioned and sworn as such personally appeared to me John Moosey, Manager of the Matanuska-Susitna Borough, who is personally known to me, appeared and acknowledged before me that he signed this agreement on behalf of the municipal corporation.

WITNESS my hand and official seal the day and year herein and above written.



Mary Miller
Notary Public for the State of Alaska
My commission expires: 10/26/2020

EXHIBIT A



1M 20-128
OR 20-062

EXHIBIT B - INSURANCE

It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of the Agreement to create in the public or any member thereof a third party benefit hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

HAX shall procure and maintain the following insurance:

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services office form number CG 0001 (Edition 04/13) covering Commercial General Liability.
2. Insurance Services office form number CA 0001 (Edition 04/13) covering Automobile Liability, symbol 8 & 9 "hired and non-owned vehicles."
3. Workers' Compensation insurance as required by the State of Alaska and Employer's Liability Insurance.

B. Minimum Limits of Insurance

HAX shall maintain limits no less than:

1. General Liability:

\$2,000,000 combined single limit per occurrence for bodily injury, property damage, personal injury, and advertising injury. The general aggregate limit shall be \$2,000,000.

General liability insurance shall be maintained in effect throughout the term of the Agreement.

If the general liability insurance is written on a claim made form, the HAX shall provide insurance for a period of two years after termination or expiration of this Agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.

2. Auto Liability:

\$1,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employer's Liability:

Workers' Compensation shall be statutory as required by the State of Alaska. Employer's liability shall be endorsed to the following minimum limits:

| | |
|-----------------------------|---------------------------|
| Bodily injury by Accident - | \$1,000,000 each accident |
| Bodily injury by Disease - | \$1,000,000 each employee |
| Bodily injury by Disease - | \$1,000,000 policy limit |

4. Excess Liability:

In order to meet the required minimum limits of insurance it is permissible for the HAX to combine an excess liability or umbrella policy with the general liability, auto liability, or employer's liability. In the instance where HAX purchases an excess liability or umbrella policy the occurrence limit and the aggregate limit may be of the same amount.

C. Deductibles and Self-Insured Retention

Prior to work commencing, any deductible or self-insured retention must be declared and approved by the Borough. HAX may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the Borough, HAX shall reduce or eliminate such deductibles or self-insured retention as respects the Borough, its officers, officials, employees, and volunteers; or the HAX shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability

a. The Borough, its Administrator, officers, officials, employees and volunteers shall be covered as additional insured as respects: liability arising out of activities performed by or on behalf of the HAX; products and completed operations of the HAX premises owned, occupied, or used by HAX or automobiles owned, leased, hired, or borrowed by the HAX. The coverage shall contain no special limitation on the scope of protection afforded to the Borough, its Administrator, officers, officials, employees, and volunteers.

b. HAX's insurance coverage shall be primary insurance and non-contributory as respects the Borough, its Administrator, officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Borough, its Administrator, officers, officials, employees, and volunteers shall be in excess of HAX's insurance and shall not contribute to it.

- c. HAX's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability

The insurer shall agree to waive all rights of subrogation against the Borough, its Administrator, officers, officials, employees, and volunteers for losses arising from work performed by the HAX or any subcontractor of HAX in relation to this Agreement.

3. All Insurance

For each insurance policy required by this Agreement, coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits except after 30 days prior written notice for nonpayment of premium or fraud on the part of HAX or after 60 days prior written notice for any other reason. Such written notice must be made by certified mail, return receipt requested to the Borough Manager and to HAX. Each insurance policy obtained by the HAX must provide for such notice by the insurance company directly to the Borough Manager.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VII.

F. Verification of Coverage

HAX shall furnish the Borough with certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the Borough. All certificates are to be received and approved by the Borough before work commences. The Borough reserves the rights to require complete, certified copies of all required insurance policies, at any time.

G. Subcontractors and Sublessees

All subcontractors and sublessees shall provide their own insurance. HAX must maintain a list of all vendors and current certificates of insurance for each meeting the limits stated herein and naming the borough as additional insureds. All coverage for subcontractors and sublessees shall be subject to all requirements stated herein.

H. Lapse in Insurance Coverage

A lapse in insurance coverage, any change that restricts, reduces insurance provided, or changes name of insured without Borough approval is a material breach of this Agreement, which can result in immediate termination of the Agreement.

MEMORANDUM OF LEASE
(MSB007474)

THIS MEMORANDUM OF LEASE gives notice of that certain Lease signed [MONTH DAY], 2020, between the Matanuska-Susitna Borough, (hereinafter "Lessor"), a municipal corporation formed under the laws of the State of Alaska, whose address of record is 350 E. Dahlia Avenue, Palmer, Alaska 99645, and Hatcher Alpine Xperience, LLC., (hereinafter "Lessee"), a 501(c)3, non-profit corporation, whose address of record is Post Office Box 924, Palmer, Alaska 99645.

The Lease commences on August 1, 2020, for a term of forty (40) years and expires at 11:59 p.m. on July 31, 2060. Lessee may exercise its option to renew for two (2) additional ten (10) year periods, providing the Lessee is not in default on any terms, covenants, or conditions of the leasehold interest of the real property described as:

Those portions of Tract B within the unsurveyed Sections of 9, 10, 11, 14, 15 and 16, Township 19 North, Range 1 East, Seward Meridian, within the Palmer Recording District, Third Judicial District, State of Alaska, according to the United States Bureau of Land Management Survey, approved on October 16, 1979.

Said real property is commonly known as Skeetawk Ski Area at Hatcher Pass within the Government Peak Recreation Area – Northern Sub-Unit.

This Memorandum of Lease in no way modifies the terms and conditions of the Lease. The Lease is available for inspection at the Matanuska-Susitna Borough Community Development Department, Land and Resource Management Division office.

LESSOR:
Matanuska-Susitna Borough

LESSEE:
Hatcher Alpine Xperience, LLC.

John Moosey, Manager Date

[FIRST LAST NAME TITLE] Date

Return to: MSB/L&RM
350 E. Dahlia, Avenue
Palmer, Alaska 99645

*1M 20-128
OR 20-062*

ACKNOWLEDGEMENT OF LESSOR

STATE OF ALASKA)
) ss.
Third Judicial District)

THIS IS TO CERTIFY that on this _____ day of _____, 2020, before me, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared John Moosey, Borough Manager of the Matanuska-Susitna Borough, a municipal corporation, who is personally known to me, appeared and acknowledged before me that he signed the Skeetawk Ski Area at Hatcher Pass, Ground Site Lease for and on behalf of the municipal corporation, and acknowledge to me that he signed the same freely and voluntarily for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

[SEAL]

Notary Public for State of Alaska
My commission expires: _____

ACKNOWLEDGEMENT OF LESSEE

STATE OF ALASKA)
)ss.
Third Judicial District)

THIS IS TO CERTIFY that on this _____ day of _____, 2020, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, _____, [TITLE], of Hatcher Alpine Xperience, LLC., a 501(c)(3), non-profit corporation, known to me to be the identical individual who executed the foregoing instrument, and they acknowledged before me that they executed the Skeetawk Ski Area at Hatcher Pass, Ground Site Lease as the free and voluntary act of said company, with full authority to do so and with full knowledge of its contents, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

[SEAL]

Notary Public for State of Alaska
My commission expires: _____

*1M 20-128
OR 20-062*



Matanuska-Susitna Borough

COMMUNITY DEVELOPMENT DEPARTMENT
LAND & RESOURCE MANAGEMENT DIVISION

SKEETAWK SKI AREA AT HATCHER PASS GROUND SITE LEASE

THIS LEASE (the "Lease") is entered into this ____ day of _____ 2020, by and between:

MATANUSKA-SUSITNA BOROUGH (hereinafter "Lessor" or "Borough"), a municipal corporation formed under the laws of the State of Alaska, whose mailing address is 350 E. Dahlia Avenue, Palmer, Alaska 99645;

and,

Hatcher Alpine Xperience, LLC., a 501(c)(3), non-profit corporation (hereinafter "Lessee"); whose mailing address is Post Office Box 924, Palmer, Alaska 99645.

The parties recite that:

- A. Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, a parcel of land more specifically described and depicted on **Exhibit A** attached to and for all purposes made a part of this Lease (hereinafter "Leased Premises").
- B. The parties desire to adopt this Lease as a complete and final statement of all of the promises, covenants, terms, and conditions in effect and binding between them.
- C. Lessor is entering into this Lease as landowner, exercising its power to manage its own municipal entitlement lands under Alaska Statute (AS) 29.35.010(8), and the applicable provisions of the Matanuska-Susitna Borough Code, (MSB) 1.10.010(A)(9) and MSB Title 23. The Matanuska-Susitna Borough Community Development Department, Land and Resource Management Division, is responsible for management of Borough-owned real property, timber, and gravel resources including lease origination, management, oversight, and enforcement, under MSB Title 23, and as amended.

In so acting, Lessor is not waiving, and Lessor is explicitly reserving unto itself, all of its governmental authority, sovereignty, and power to enact and enforce laws and regulations governing land use and development, or the conduct of any business or activity, anywhere

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OR 20-062

within the Borough. Nothing in this Lease shall waive or otherwise diminish Lessor's governmental authority, sovereignty, and power with respect to leased land or Lessee's use or occupancy of it.

- D. The parties are entering into this Lease under the provisions of MSB 23.10.040, Conditional Disposals. Both parties acknowledge the Borough received management authority and land conveyances of the Leased Premises from the Alaska Department of Natural Resources, Division of Mining, Land and Water, Preliminary and Final Finding and Decisions for Alaska Division of Land (ADL) No. 227511, effective December 3, 2001, and ADL No. 231234, effective March 7, 2012.

The parties acknowledge the Borough does not have patent to the Leased Premises in question and that the Borough cannot guarantee that it will receive title from the Alaska Department of Natural Resources. The Borough is in the process of survey of the Municipal Entitlement Lands (ASLS 2002-1) and has good cause to believe that it will acquire title to the land in question within ten years of entering into this Lease.

- E. The Lessor cannot, and does not through this Lease, make any representations, warranties, or guarantees as to the future results of any land use permits, applications, or proposals, which are governed by MSB Code. This Lease shall be revoked if the Lessee does not acquire all necessary permits, licenses, and approvals for the intended uses.

NOW, THEREFORE, in consideration of the promises and covenants set out below, the parties agree as follows:

Section 1. Premises Leased.

- 1.1 Leased Premises. Lessor, for and in consideration of the rents, covenants, and conditions hereinafter specified to be paid, performed, and observed by Lessee, leases to Lessee, and Lessee leases from Lessor, the Leased Premises, which is land situated at 14992 N. Palmer-Fishhook Road and 13500 N. Skeetawk Circle and the Leased Premises more particularly described and depicted on **Exhibit A**. The land, together with all rights, easements, privileges, and appurtenances attaching or belonging to the described land, but subject to the reservation contained in Section 1.2 below, is referred to hereinafter as the "Leased Premises."
- 1.2 Reservation of Minerals and Resources. All oil, gas, coal, other hydrocarbons, geothermal resources, rock, sand, gravel, peat, timber, and minerals of whatever nature on, in, or under the Leased Premises are excluded from the Leased Premises and reserved to Lessor. Lessor may grant Lessee a permit to make use of the timber, rock, sand, or gravel found on the Leased Premises in Lessee's development of the Leased Premises, which may require Lessee to obtain any other required permit. Lessor has not promised or obligated itself to providing any permit to Lessee. If Lessor mines and/or extracts any of the reserved minerals or resources, Lessor agrees that the mining and/or extraction shall not interfere with Lessee's business and activities on the Leased Premises or its access to the Leased Premises.

1.3 Lessor's Commercial and/or Residential Development. Lessor shall have the right to develop the Leased Premises as a commercial and/or residential development as long as the development does not interfere with the alpine facilities that are constructed or any future development plans. Lessor's development will be harmonious with an alpine facility and ski area and Lessor must consult with Lessee for the development thereof, which shall be in accordance with the Borough Management Guidelines for the Northern Sub-Unit in the Hatcher Pass Government Peak, Asset Management & Development Plan.

1.4 Rights of Way and Easements. Lessor shall have the right to designate or grant rights of way or utility easements across the Lease Premises without compensation to Lessee. In the event of destruction or significant interference of any of the Lessee's improvements, Lessee shall be entitled to compensation, and at its option, may terminate this Lease.

Section 2. Term.

2.1 Lease Term. This Lease shall be and continue in full force and effect for an initial term of Forty (40) years (the "Initial Term") commencing as of **August 1, 2020**, and expiring at 11:59 p.m. on **July 31, 2060**, unless earlier terminated as provided in this Lease.

2.2 Option to Renew. Lessee may apply to renew this Lease for up to two (2) additional periods of up to ten (10) years each (the "Renewal Term"). To effectively exercise an option to renew, Lessee must not be in default of any of its obligations at the time of the exercise or at the time of the commencement of any Renewal Term. During the Renewal Term(s), all of the provisions of this Lease shall remain in full force and effect, except that the rent Lessee shall pay to Lessor shall be adjusted as is provided for in Section 4, Rent. During the Renewal Term(s), the Lessor may modify any terms, covenants, and conditions of this Lease.

2.2.1 Unless otherwise agreed in writing by Lessor and Lessee, Lessee will apply for lease renewal no more than 180 days prior to Lease expiration and no less than 120 days prior to Lease expiration.

Section 3. Use and Occupancy.

3.1 Permitted Use. The non-exclusive use of the Leased Premises shall be to construct, install, maintain, repair, operate, and manage an alpine ski area site, known as Skeetawk Ski Area at Hatcher Pass, on the Leased Premises in a manner consistent with accepted industry standards and practices for outdoor summer and winter activities that support Lessee's year around operations to include, but are not limited to the following:

- Food vendors, food trucks, day lodge concession, etc.
- Festivals, concerts, and carnivals.
- Fund raisers, raffles, and barbeques.
- Mountain Biking (lift service and developed cross-country biking trails).
- Outdoor education programming, such as summer youth and family programs.
- Recreational trails for hiking, biking, and cross-country skiing.

- Training, conference, and event facility rentals.
- Guided outdoor activities, such as cat skiing and snow cat tours.
- Adventure Park Facilities (potential zip lines and high rope course facility).

3.2 Area Plans. Lessee will operate and use the Leased Premises at all times as a regional alpine skiing and boarding area, along with other compatible recreational summer and winter non-motorized dispersed recreational activities in accordance with the following existing adopted plans:

1. Mat-Su Borough Hatcher Pass – Government Peak Unit; Asset Management & Development Plan (adopted November 2012)
2. Department of Natural Resources (DNR) Hatcher Pass Management Plan (adopted November 2010 & amended March 2012)
3. Federal Transit Authority, Environmental Impact Statement, Hatcher Pass Recreational Area Access, Trails, and Transit Facilities (2010)
4. Federal Transit Authority, Record of Decision for the Hatcher Pass Recreational Area Access, Trails, and Transit Facilities (2011)
5. Mat-Su Borough, Hatcher Pass – A New Beginning (2008)
6. DNR Southeast Susitna Area Plan (adopted April 2008 & updated amendments 2009)
7. Mat-Su Borough Recreational Trails Plan (adopted March 2000 & amendments 2016)
8. Mat-Su Borough, Parks, Recreation and Open Space Plan (2001)

To reflect changing times and conditions, a land use allocation decision made as a result of revision to an existing land use plan or decision must be incorporated as an amendment to the terms, covenants, and conditions of this Lease within six (6) months of the land use allocation decision.

3.3 Plan of Operation (AS 05.45.040). Prior to the annual operation of the ski area, Lessee will provide the Lessor with the Plan of Operation approved by the Alaska Department of Natural Resources for each ski season it is in operation. Lessee must provide Lessor with any Plan of Operation changes or updates approved by the commissioner of the Alaska Department of Natural Resources.

3.4 Quiet Enjoyment. Upon Lessee's timely payment of all rents and other sums required to be paid by Lessee under this Lease, and upon Lessee's full and faithful observance and performance of all of its obligations contained in this Lease, and so long as such observance and performance continues, Lessee shall peaceably hold and enjoy the Leased Premises during the Term without hindrance or interruption by Lessor or anyone lawfully claiming by, through, or under Lessor.

3.5 Repair and Maintenance. Lessee shall, at Lessee's expense and without notice from Lessor at all times during the Term, keep the Leased Premises and all improvements now existing or hereafter built on the Leased Premises (including but not limited to ski lifts and associated facilities, trails, exterior building walls, windows, doors, fences, signs, landscaping and yard areas, refuse disposal equipment and facilities, pavement, curbs, gutters, exterior lighting, and drainage facilities), in good order, condition, maintenance, operability, and repair and of a neat, clean, and pleasing appearance.

3.6 Authorized Representative. Lessee's principal point of contact for Lessee's operations on the Leased Premises is the Mountain Manager, 746-7277. Lessor shall be entitled to communicate directly with the Mountain Manager for all matters under this Lease. Lessee shall promptly notify Lessor of any change in the person acting as Lessee's Authorized Representative for the Leased Premises.

3.7 Supervision. Lessee shall maintain reasonable and adequate on-site supervision of the Leased Premises to insure that the terms, covenants, and conditions of this Lease and all applicable federal, state, and Borough laws, rules, and regulations governing the Leased Premises are enforced.

3.8 Signage. Lessee shall not place on the Leased Premises any signage that is unrelated to any business Lessee is operating on the Leased Premises. No electioneering or campaign signs of any kind shall be placed upon the Leased Premises or improvements.

3.9 Utilities. Lessee shall pay for all utility services provided to, consumed, or used on the Leased Premises.

3.10 Waste and Wrongful Use. Lessee shall not commit or suffer any strip or waste of the Leased Premises, or engage in any unlawful activity, or engage in any unauthorized activity that is unsafe, results in any public or private nuisance thereon, or adversely affects the value, character, or utility of Lessor's surrounding property.

3.11 Setbacks. Lessee shall observe all setback requirements applicable to the Leased Premises and shall not construct or maintain any building or other structure whatsoever within any road or other specified rights-of-way boundary of the Leased Premises and any setback along such boundary, except for fences or walls approved by Lessor. Lessor reserves the right to make use of, and to grant utility easements and other rights to third parties in the setback areas of the Leased Premises.

3.12 Lessor's Inspection and Notice of Repairs. As provided under Section 3, Lessee shall repair, maintain, and make good all conditions required under the provisions of this Lease, permit requirements, and applicable laws. If Lessee refuses or neglects to provide reasonable and necessary repairs or maintenance for the Leased Premises as required under the terms of this Lease to the reasonable satisfaction of Lessor after written demand, then Lessor, without prejudice to any other right or remedy it has under this Lease or otherwise, may perform such reasonable and necessary maintenance work or make such repairs without liability to Lessor for any loss or damage that may accrue to Lessee's merchandise or other property or Lessee's business by reason thereof. Upon completion of any such repair or maintenance, and no later than thirty (30) days after presentation of an invoice therefore, Lessee shall pay as additional rent Lessor's reasonable costs for making such necessary repairs or performing such maintenance, plus fifteen percent (15%) of the repair cost to cover Lessor's overhead.

Lessor or its authorized agents may enter and inspect the Leased Premises at any time during regular business hour, with or without the presence of Lessee or its authorized representative, after giving twenty-four (24) hours advance notice to Lessee of such inspection. Lessor is specifically

authorized to enter the Leased Premises for the purposes of posting notices of non-responsibility for any construction work Lessee undertakes. All inspection will be conducted in a manner that does not unreasonably interfere with Lessee's operations. In the event of an emergency, Lessor's may enter and inspect the Leased Premises on reasonable notice under the circumstances, including no notice to Lessee if the circumstances warrant.

3.13 Condition of Leased Premises. Lessee acknowledges that it has had an opportunity to inspect the Leased Premises and enters into this Lease solely in reliance on Lessee's own examination and not by reason of any representation by the Lessor. Lessee accepts the Leased Premises in present condition "AS IS – WHERE IS." No reliance shall be placed on any opinion, material, or information provided by or through the Lessor, and Lessee does so at its own risk, cost, and expense.

3.14 No Liability. Lessor shall have no liability to Lessee or its operations, or to Lessee's employees, agents or contractors, or to anyone claiming by, under or through Lessee, regarding the physical condition of the Leased Premises any time during the Term. Lessor has no responsibility for any subsurface conditions, whether known or unknown, natural or man-made, to Lessee, specifically including any adverse soil conditions and any washout, subsidence, avulsion, reliction or settling that may occur to Leased Premises. In consideration for Lessor entering into this Lease, Lessee is expressly assuming the risk of any latent or patent defects or deficiencies in, on or under the Leased Premises, whether the same now exist or arise hereafter. In no event shall Lessee be entitled to any damages whatsoever against Lessor with respect to the physical condition of the Leased Premises, including, but not limited to, actual, special, consequential, lost-profits, or any other category of damages.

Section 4. Rent.

4.1 Rent for the Leased Premises is established for a Less than Fair Market Value Lease for a non-profit, tax-exempt corporation that provides a public purpose, "To develop and maintain a regional alpine ski area in Hatcher Pass to promote safe outdoor recreation and healthy lifestyles." If the Lessee's non-profit and/or tax-exempt status is revoked for non-compliance by the Internal Revenue Service, the Lessee will have 180 days to reinstate the non-profit and/or tax exempt status or Lessor can terminate this Lease in accordance with Section 9 of this Lease.

4.1.1 Lease years 1 through 5. The annual Basic Rent is FIVE HUNDRED and NO/100 DOLLARS (\$500) to Lessor, without deduction and without prior notice or demand. Lessee's application fee received on April 12, 2019, for \$500 will be a credit to year 1 annual Basic Rent.

4.1.2 Lease years 6 through 10. The annual Basic Rent is FIVE HUNDRED and NO/100 DOLLARS (\$500) to Lessor, without deduction and without prior notice or demand.

In addition to the annual Basic Rent, Lessor reserves the right to collect additional annual rent in an amount equal to 3 percent of the gross revenues for daily lift ticket sales and season pass sales. The amount collected as additional annual rent may not exceed the annual rate calculated under MSB 23.10.060(C)(2)(b), and as

amended, with “fair market value” under that subsection based on the value of the fee simple interest of the Leased Premises assigned by the MSB Assessor’s Office or \$500, whichever amount is greater.

- 4.1.3 Lease years 11 through 20. The annual Basic Rent is ONE THOUSAND and NO/100 DOLLARS (\$1,000) to Lessor, without deduction and without prior notice or demand.

In addition to the annual Basic Rent, Lessor reserves the right to collect additional annual rent in an amount equal to 4 percent of the gross revenues for daily lift ticket and season pass sales. The amount collected as additional annual rent may not exceed the annual rate calculated under MSB 23.10.060(C)(2)(b), and as amended, with “fair market value” under that subsection based on the value of the fee simple interest of the Lease Premises assigned by the MSB Assessor’s Office or \$500, whichever amount is greater.

- 4.1.4 Lease years 21 through 40. The annual Basic Rent will be as provided for under MSB 23.10.060(C)(2)(b), and as amended.

At Lessee’s expense, and 180 days prior to lease years 21 and 31, Lessor, at its sole discretion will select the method used to determine the fair market value of the fee simple title for the Leased Premises from MSB 23.10.060(B)(1)-(3), and as amended.

- 4.1.5 Renewal Terms. As set forth in Section 2.2, at Lessee’s expense for each renewal term, Lessor, at its sole discretion will select the method used to determine the fair market value of the land from MSB 23.10.060(B)(1)-(3), and as amended.

The annual Basic Rent will be adjusted for each renewal term under MSB 23.10.060(C)(2)(b), and as amended. The annual Basic Rent payable during any renewal term shall never be less than the annual Basic Rent for the lease year immediately preceding the commencement of the renewal term.

The Basic Rent and any additional annual rent is due each year on August 1st.

- 4.2 Additional Annual Rent – Gross Revenue Sales. If Lessor exercises its right to collect additional annual rent (a percentage of gross revenue sales) during Lease years 6 through 20, the rents due for each year will be adjusted on **August 1st** to add the additional annual rent based on gross revenue from the prior year.

- 4.3 Financial Reporting. During the initial term and any renewal terms, Lessee shall biannually submit to Lessor a financial statement on the calendar date of March 1st and October 1st detailing the gross revenues for the six (6) month period within forty-five (45) working days. Such statements shall contain a breakdown of the gross receipts by the activity that produced such receipts detailing the gross revenues. In addition, Lessee shall annually submit to Lessor a financial statement of gross revenues for the twelve (12) month period of July 1st through June 30th

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within ninety (45) days after the period ends.

- 4.3.1 Records. Lessee shall, with respect to lift tickets, season passes sold, and all other business activities conducted on the Leased Premises, keep true and accurate accounts, records, books, and data in a form consistent with good accounting practices. Such accounts, records, books, and data shall among other things, contain a breakdown of gross receipts and sales from the various activities taking place on the Leased Premises. Lessee shall require that any consignees, subcontractors, or others conducting any revenue producing activities on the Leased Premises keep and at Lessor's request, Lessee will provide Lessor with copies of accurate and complete records and accounts in accordance with this paragraph.
- 4.3.2 Inspections of Records. Lessee shall keep intact for at least five (5) years all of the records and other material that Lessee is required to maintain hereunder. Lessee hereby agrees to provide copies of records and other material that Lessor, its employees, agents and representatives request, at all reasonable times, shall have the right to inspect and examine all such records in order to enable Lessor to ascertain the amount of Lessee's gross receipts. To the extent Lessor is required or allowed under federal, state, and borough law to obtain other information from records kept by Lessee under this contract, Lessor may make a written request for Lessee to provide copies for such information.
- 4.3.3 Audit. Lessor may, once during any Term or Renewal Term, cause an audit of Lessee's gross receipts derived under this Lease to be made by a Certified Public Accountant of Lessor's selection or Lessor's internal auditor. If the audit shows a report of gross receipts previously made by Lessee for any year of this Lease to be deficient by more than five percent (5%) of Lessee's gross receipts shown by such audit, Lessee shall immediately pay the cost of such audit along with any other sums shown thereby to be due to Lessor. Otherwise, the cost of such audit shall be paid by the Lessor, including Lessee's documented expenses incurred in preparing for and submitting to such audit, subject to specific appropriation and approval of funds by the Borough Assembly. A refund to Lessee of an overpayment, if any, shall be credited to future payment(s) due. Lessee shall be entitled to receive copies of all audit(s), whether conducted by internal or external auditors. In addition, Lessor's internal auditors shall have access to Lessee's books and records for purpose of review at any time.
- 4.3.4 Public Information. Lessor reserve the right, in accordance with MSB 1.50, as amended, to publish or otherwise make known to the public the results of any audit, or financial information acquired and in its possession under this Lease, which shall be limited to verifying gross receipts required to be reported under the terms of this Lease. Lessee acknowledges that all records and information in the possession of Lessor may be made available for public inspection and copying, and that unless Lessee conspicuously marks any submittals to Lessor as "Confidential" and the same are in fact to be held confidential as a matter of law, the same may be made

available to the public.

4.4 Lease Invoices. Lessor will send annual lease invoices for this Lease to Hatcher Alpine Xperience, Board of Directors, at the following email address: board@skeetawk.com. For any change regarding who Lessor should send invoices to, Lessee will notify Lessor in writing sent to Tracy McDaniel, Asset Manager, at the following email address: tracy.mcdaniel@matsugov.us.

4.5 Taxes. Lessee shall pay all taxes imposed by the Matanuska-Susitna Borough on the Leased Premises and improvements thereon or any other taxes relating to its operations during the term of the Lease.

4.6 Assessments. Lessee shall pay its pro rata share of assessments charged against the Leased Premises. The Borough will send Lessee a written notice with a detailed explanation of any assessments pertaining to the Leased Premises. Lessee shall pay assessments within thirty (30) days of receipt of written notice from the Borough.

4.7 Failure to Pay. If Lessor must pay any tax, assessment, penalty, or interest because of the failure of Lessee to pay such taxes, assessments, penalty, or interest, such obligations shall be considered a debt to the Borough.

4.8 Late Charge. In the event Lessee fails to make any payment of rent or any other payments due hereunder upon the date due, Lessor shall be entitled to collect from Lessee a late charge equal to six percent (6%) of the amount of the delinquent payment or \$50.00, whichever is greater.

4.9 Interest Charge. Failure to pay rent or any other payments due under this Lease on the date due shall bear interest from the date due to the date of actual payment at the rate of 10.5% per annum or, if less, the maximum amount permitted by law.

Section 5. Special Requirements.

5.1 Compliance with Laws. Lessee shall comply with all applicable present and future laws, ordinances, requirements, orders, directives, rules and regulations of the federal, state and local governments, and of all other governmental authorities affecting the Lease Premises or appurtenances thereto, and the use thereon, and assume, at Lessee's sole expense, any costs of such compliance including any fines or penalties. Lessee shall obtain all federal, state, and local permits and licenses necessary to operate under this Lease.

5.2 Minerals and Valuable Materials. As provided in Section 1.2, Lessee shall not remove, sell, barter, trade, or give away valuable materials held by the Borough, including, but not limited to gravel and timber, except that Lessee may use on the Lease Premises, with the written consent of the Lessor, the gravel and timber for use on the Leased Premises.

5.2.1 Gravel. Authorization for use of gravel on site may be obtained by providing an application to Resource Specialist, MSB Land and Resource Management Division.

5.2.2 Timber. Lessee will adhere to the Alaska Forest Resource and Practices Act (FRPA, AS 41.17) and make the timber removed for construction that is \geq 4-inch diameter

at breast height (DBH) available to the Lessor through notification of the Resource Manager, MSB Land and Resource Management Division. Timber not considered for commercial use is allowed for use on site.

5.3 Fire. To the extent possible, Lessee shall protect the Leased Premises from fire and shall report any fires on the Leased Premises to the Lessor, by phone, as soon as possible, at the phone number shown at Section 13.5.3.

5.4 Hazardous, Toxic, or Harmful Materials or Substances.

5.4.1 Deleterious Material. Lessee shall not make, or suffer to be made, any filling in of the Leased Premises or any deposit of rock, earth, ballast, refuse, garbage, waste matter, chemical, biological, or other wastes, hydrocarbons, any other pollutants, or other matter within or upon the Leased Premises, except as approved in writing by Borough. If Lessee fails to remove all non-approved fill material, refuse, garbage, wastes, or any other of the above materials from the Leased Premises, Lessee agrees that the Lessor may, but is not obligated to, remove such materials and charge Lessee for the cost of removal and disposal.

5.4.2 Hazardous, Toxic, or Harmful Substances. For the purposes of this Lease, the term "Hazardous Materials or Substances" means any hazardous or toxic substance, material, or waste, including but not limited to oil, petroleum products and byproducts, gasoline, diesel fuel, stove oil, kerosene, and other hydrocarbons; those substances, materials, and wastes listed under the U.S. Department of Transportation Hazardous Materials Table (49 CFR Part 172.101) or by the U.S. Environmental Protection Agency as hazardous substances (40 CFR Part 302), and amendments thereto; all materials the release of which must be reported under Title 46 of Alaska Statutes; and any such other substances, materials, and wastes that are or become regulated under any applicable local, state, or federal law.

5.4.2.1 Lessee or any authorized users shall not keep on or about the Leased Premises any materials or substances now or hereinafter designated as or containing components now, or hereinafter designated as hazardous, toxic, dangerous, or harmful (and/or which are subject to regulation as hazardous, toxic, dangerous, or harmful) by any federal, state, or local law, regulation, statute, or ordinance (hereinafter collectively referred to as "Hazardous Substances") unless such are necessary to carry out Lessee's permitted use under Section 3 and unless Lessee fully complies with all federal, state, and local laws, regulations, statutes, and ordinances now in existence or as subsequently enacted or amended. Lessee shall report to Lessor, in writing, any substances designated as hazardous, toxic, dangerous, or harmful that are necessary to carry out Lessee's permitted use, and Lessee shall provide Lessor with copies of any required permits.

5.4.3 Lessee shall immediately notify Borough of any of the following:

- All spills or permits of any Hazardous Substance in, on, or adjacent to the Leased Premises.
- All failures to comply with any federal, state, or local law, regulation, or

ordinance, as now enacted or as subsequently enacted or amended.

- All inspections of the Leased Premises by, or any correspondence, orders, citations, or notifications from any regulatory entity concerning Hazardous Substances and the Leased Premises.
- All regulatory orders or fines, or all response or interim cleanup actions taken by or proposed to be taken by any government entity or private party concerning the Leased Premises.
- On request, Lessee shall provide copies to the Lessor of any and all correspondence, pleadings, and/or reports received by or required of Lessee or issued or written by Lessee or on Lessee's behalf with respect to the use, presence, transportation, or generation of Hazardous Materials or Substances in, on, about, or adjacent to the Leased Premises.

5.4.4 Lessee shall be fully and completely liable to the Lessor, and, to the full extent permitted by law, shall indemnify, defend, and hold harmless Lessor and its elected and appointed officials, employees, officers, and agents with respect to any and all damages, costs, fees (including attorney's fees and costs), penalties (civil and criminal), and cleanup costs assessed against or imposed as a result of Lessee's or an authorized user's use, disposal, transportation, generation, and/or sale of Hazardous Materials or Substances or that of Lessee's employees, agents, assigns, contractors, subcontractors, licensees, or invitees.

5.5 Weed Control. Weed control shall be approved in writing by the Borough prior to beginning such activities. No aerial spraying without prior approval by Borough is allowed.

Section 6. Assignment, Subleasing, and Mortgages.

6.1 Assignment, Subleasing, and Mortgages. This Lease Agreement is for a non-profit, tax-exempt organization at a less than fair market value lease rate. Lessor reserves the right to terminate this Lease or renegotiate any and all terms, covenants, or conditions of this Lease, including changing Basic Rent and the percentage of gross revenue collected as additional annual rent to reflect fair market value, upon notice of Assignment, Sublease, or Mortgage of all or part of Lessee's interest to a "for profit" corporation/individual or possession by Mortgagee under this Section 6.

The consent of the Lessor to any one Assignment, Sublease, or Mortgagee shall not constitute a waiver of the Lessor's right to consent to subsequent Assignment, Sublease, or Mortgagee, nor shall consent of the Lessor to any one Assignment, Sublease, or Mortgagee relieve any party previously liable as Lessee from any obligations under this Lease. The acceptance by the Lessor of the payment of rent following an Assignment, Sublease, or Mortgagee shall not constitute consent to any Assignment, Sublease, or Mortgagee, and the Lessor's consent shall be evidenced only in writing.

6.2 Limitations on Transfer. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublease, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Leased Premises, except under strict compliance with this Section 6. Any attempted assignment, transfer, mortgage, encumbrance or subleasing without such compliance shall be void, and shall constitute a breach of this Lease.

6.3 Lessee's Right to Assign or Sublease. Lessee shall have the right to assign, sublease or otherwise transfer Lessee's interest in this Lease and the estate created by this Lease only upon receiving prior written consent of the Lessor, which consent shall be at the sole discretion of the Lessor, and which may require MSB Assembly approval.

6.4 Request for Consent to Assignment or Sublease. To request Lessor's approval of any assignment, sublease, or other transfer, Lessee shall give Lessor a reasonable notice of the proposed transfer of at least sixty (60) days, with appropriate documentation regarding the proposed assignee or sublessee, including:

- (a) A certified financial statement prepared independently and in accordance with generally accepted accounting principles fairly representing the existing financial condition of the proposed assignee or sublessee;
- (b) The proposed assignee's or sublessee's prior three (3) years' income tax returns;
- (c) The proposed assignee's or sublessee's business or operations plan for the Leased Premises; and
- (d) Any other or further information Lessor requests.

6.5 Liability on Assignment or Sublease. No assignment or sublease shall operate to relieve Lessee of any obligations under this Lease, whether the same arise before or after the effective date of the assignment or subleasing. Upon an approved assignment, the assignee shall assume all rights and obligations of Lessee under this Lease, including unsatisfied obligations to cure any delinquency in rent or other charges under this Lease or to perform any repairs or other work or action required by Lessor before the assignment.

6.6 Mortgage of Leasehold Interest. Lessee shall have the right at any time and from time to time, to subject the leasehold estate and any or all of Lessee's improvements situated on the Leased Premises to one or more mortgages, deeds of trust, or assignments as security for a loan or loans or other obligation of Lessee (each of which is a "Leasehold Mortgage"), provided that:

- 6.6.1 Subordination. Any Leasehold Mortgage and all rights acquired under it shall be subject and subordinate to each and all the covenants, conditions, and restrictions stated in this Lease, and to all rights and interests of Lessor. **Under no circumstances will Lessor's fee simple interest in the Leased Premises or Lessor's rights under this Lease or its reversionary interest, ever be subject to, or subordinate to the lien or encumbrance of any Leasehold Mortgage. With respect to Lessor's interests, this Lease is specifically intended to be only an unsubordinated ground lease.**

6.6.2 Notice to Lessor. Lessee shall give Lessor prior notice of any such Leasehold Mortgage, and shall accompany the notice with a true copy of the note and the Leasehold Mortgage as proposed for execution. Upon Lessor's written consent to the Leasehold Mortgage and upon execution of the Leasehold Mortgage by all parties, the mortgagee shall become a Qualified Mortgagee as that term is used in this Lease.

6.7 Notice of Default and Opportunity to Cure. Upon any default on any of the terms of the Lease by Lessee, Lessor, in addition to notifying Lessee pursuant to Section 9.1, shall also notify each Qualified Mortgagee of the default. Upon receipt of a written notice of default, any such Qualified Mortgagee shall have the length of time set forth in Section 9.1 of this Lease to cure the default. Lessor shall accept any cure provided by a Qualified Mortgagee whether the cure is tendered in the name of or on behalf of Lessee or the Qualified Mortgagee.

6.8 Possession by Mortgagee. A Qualified Mortgagee may take possession of the Leased Premises and vest in the interest of Lessee in the Lease upon the performance of the following conditions:

6.8.1 The payment to Lessor of any and all sums due to Lessor under the Lease, including, but not limited to, accrued unpaid Basic Rent and additional rent.

6.8.2 The sending of a written notice to Lessor and Lessee of the Qualified Mortgagee's intent to take possession of the Leased Premises and assume the Lease.

6.8.3 The curing of all defaults not remediable by the payment of money within an additional thirty (30) days of the date upon which such default was required to be cured by the Lessee under the terms of this Lease.

6.9 No Liability of Mortgagee Without Possession. A Qualified Mortgagee shall have no liability or obligation under the Lease unless, and until it sends to Lessor the written notice described in Section 6.8.2 above. Nothing in this Lease nor in the taking of possession of the Leased Premises and assumption of the Lease by a Qualified Mortgagee or a subsequent assignee shall relieve Lessee of any duty or liability to Lessor under the Lease.

6.10 Subsequent Transfer. In the event a Qualified Mortgagee forecloses the Leasehold Mortgage, any subsequent assignee or transferee of the leasehold estate proposed by the Qualified Mortgagee must be approved by Lessor, whose discretion in the matter shall be complete.

6.11 Name Change. If during the term of this Agreement Lessee changes its name, Lessee shall provide Lessor with documentation legally supporting the name change within sixty (60) days of the effective date of the change. Lessee may contact Matanuska-Susitna Borough, Land and Resource Management Division, for a list of acceptable documentation.

Section 7. Insurance.

7.1 Evidence of Insurance. On or before the commencement of the initial Term of this Lease, Lessee must furnish evidence of insurance in the form of a Certificate of Insurance satisfactory to

the Lessor, executed by a duly authorized representative of each insurer showing compliance with the insurance requirements set forth below. The Certificate of Insurance must reference the Matanuska-Susitna Borough as a certificate holder and shall contain the Lease identifier MSB007474.

During the term of this Lease, Lessee must purchase and maintain in full force and effect, and shall require all authorized independent contractors or subcontractors to maintain while performing work on the Leased Premises, the minimum insurance coverages and limits in **Exhibit B**, which may be increased by the Borough at its sole discretion.

7.1.1 Minimum Coverage Requirements. The Minimum Coverage Requirements (**Exhibit B**) set forth the minimum limits of insurance Lessee must purchase to secure a contract with Lessor. These limits may not be sufficient to cover all liability losses and related claim settlement expenses. Purchase of these minimum limits of coverage does not relieve Lessee from liability for losses and settlement expenses greater than these amounts.

7.1.2 The Lessee waives all rights against Lessor for the recovery of damages.

7.1.3 Cancellation. The Certificate(s) of Insurance must provide thirty (30) days written notice to the Lessor before the cancellation, non-renewal, or material change of any insurance coverage included therein. Notices must be sent to the Lessor via certified mail.

7.2 Subcontractors. It is the responsibility of Lessee to ensure that its contractors, agents, employees, guests, invitees, or affiliates in, on, under, or above the Leased Premises, any adjoining property, or any other property subject to use by Lessee in conjunction with its use of the Leased Premises, meet the "Minimum Coverage Requirements" as described above and attached as **Exhibit B**.

7.3 The Lessee and its contractors or subcontractors shall name the Lessor as an additional insured on all insurance policies obtained and maintained by the Lessee. Any insurance purchased by the Lessee under this section will not be construed to limit in any way the Lessee's liabilities or responsibilities under this Lease.

7.4 Adjustment for Inflation and New Improvements. Lessor will review the Minimum Coverage Requirements every three (3) years and will adjust the insurance requirements for inflation and compliance with the current uses and operations. Furthermore, any new additions or improvements require Lessor's review of the Minimum Coverage Requirements prior to construction to determine whether an adjustment to the insurance requirements is needed.

Section 8. Indemnity

8.1 Lessee assumes all responsibility, risk, and liability for its activities and use of or contact with the Leasehold. The Lessee shall defend, indemnify, save, and hold harmless the Lessor, its elected and appointed officials and officers, agents, and employees, from and against any and all demands, causes of action (whether in the nature of an action for damages, indemnity, contribution, government cost recovery, hazardous materials or otherwise), fines, judgments, suits, claims, actions, proceedings, losses, costs (including full reasonable attorney's fees and costs), expenses,

charges, forfeitures, liens, liabilities, settlements, penalties, and damages of any kind or nature whatsoever, including, but not limited to those alleging personal injury, wrongful death, nuisance property damage, economic loss, damages, violation of statutes, ordinances, constitutions, or other laws, rules, or regulations, contractual claims, environmental contamination (including any disposal, release, spill or discharge or any threatened disposal, release, spill, or discharge of, or contamination by hazardous materials), and environmental noncompliance (including the Lessee's failure to provide all information, make all submissions, and take all steps required by the authority under the environmental laws or any other law concerning any spill, discharge, or contamination), or any other kind of loss, tangible or intangible, sustained by any person, or property arising out of, in connection with, directly or indirectly from, or otherwise incident to Lessee's, Lessee's officers, agents, employees, guests, invitees, licensees, partners, attorneys, suppliers, and subcontractors' Leasehold activities or performance related to this Lease in any way whatsoever or use of or contact with the Leasehold, except to the extent the sole legal cause of injury or damage is the negligence or willful misconduct of the Lessor or anyone acting on the Lessor's behalf. This defense and indemnification responsibility includes claims alleging acts or omission by the Lessor or its agents, which are said to have contributed to the losses, failure, violations, or damage. However, the Lessee shall not be responsible for any damages or claim arising from the sole negligence or willful misconduct of the Lessor, its agents, or employees.

8.2 Costs and Expenses of Lessor. Lessee shall pay to Lessor all costs and expenses, including reasonable attorney's fees, which are (1) paid or incurred by Lessor but are required to be paid by Lessee under any provision of this Lease; (2) paid or incurred by Lessor in enforcing any covenant of Lessee contained in this Lease, in protecting itself against or remedying any breach thereof, in recovering possession of the Leased Premises or any part thereof, or in collecting or causing to be paid any delinquent rents, real property taxes, assessments, or rates; (3) incurred by Lessor in reviewing any matter for which Lessor's approval is sought and in processing such approval; or (4) incurred by Lessor in connection with any action in any respect related to this Lease, the Leased Premises, or Lessee's actions or omissions on the Leased Premises, other than a condemnation action filed by or against Lessee, to and in which Lessor is made a party but not adjudicated to be at fault. The term "costs and expenses" as used in this Lease shall include but not be limited to all of Lessor's out-of-pocket expenditures attributable to the matter involved. Except as otherwise expressly provided in this Lease, all costs and expenses of Lessor shall be payable by Lessee to Lessor within ten (10) days after mailing or personal delivery of invoices therefore to Lessee and shall bear interest from the date which is ten (10) days after the date of such mailing or personal delivery at the rate of ten and one-half percent (10.5%) per annum. Such obligations and interest shall constitute additional rent due and payable under this Lease.

8.3 The obligations of the Lessee to indemnify, defend, and hold harmless the Lessor under the terms of this Lease shall survive transfer, assignment, or other disposition of an interest in this Lease as well as the expiration, forfeiture, relinquishment, abandonment, or other termination of this Lease.

8.4 If any portion of this clause is voided by law or a court of competent jurisdiction, the remainder of the clause shall remain enforceable.

Section 9. Default and Termination.

9.1 Breach by Lessee. In the event of any breach of any provision of this Lease by Lessee, the breach, whether material or not, shall be deemed a default entitling Lessor to cancel this Lease and seek any other remedies set forth in this Lease or otherwise available at law or equity, after Lessor has delivered to Lessee notice of the breach and a demand that the same be remedied immediately. Lessee shall not be in default if the breach pertains to the payment of money and Lessee cures the breach within twenty (20) days of receipt of notice of the breach, or if the breach pertains to a matter other than the payment of any monies due under this Lease, and Lessee promptly commences to cure the breach and cures the breach within forty-five (45) days after receipt of the notice.

9.2 Re-entry. In the event of any default by Lessee, the Lessor shall have the right, with or without canceling this Lease, to re-enter the Leased Premises and remove all persons and property from the Leased Premises, and take whatever actions may be necessary or advisable to relet, protect, or preserve the Leased Premises. The Lessor shall not be responsible for any damages or losses suffered by Lessee as a result of such re-entry, removal, storage, or other disposition, and no such action shall be construed as an election to terminate this Lease unless a written notice of termination is given to Lessee.

9.3 Termination of Agreements. The Lessor may terminate this Lease for default by Lessee subject to any non-disturbance and attornment agreements, if any. Lessor shall have a right to terminate any and all subcontracts, subpermits, licenses, concessions, or other arrangement for possession affecting the Leased Premises. Lessee shall be responsible for removal of all Lessee-owned improvements as described under Section 10.

9.4 Right to Cure. If Lessee fails to perform any undertaking or promise contained herein, the Lessor shall have the right but not the obligation to make such performance thirty (30) days after expiration of the notice to cure defaults stated above. The Lessor's expenditures to correct Lessee's failure to perform shall be reimbursed by Lessee.

9.5 Remedies Cumulative. The specified remedies to which Lessor or Lessee may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Lessor or Lessee may lawfully be entitled in case of any breach or threatened breach by Lessor or Lessee of any provision of this Lease.

9.6 Holdover Tenancy. In the event Lessee shall hold over after the expiration or termination of this Lease for any cause whatsoever, Lessee shall hold the Lessor harmless from all damages resulting from Lessee's failure to surrender the Leased Premises, including, without limitation, claims made by any other person or entity arising, directly or indirectly, from Lessee's failure to surrender the Leased Premises. Lessee shall pay for any holdover period an amount equivalent to the Rent rates outlined in Section 4 of this Lease and shall pay said amount within thirty (30) days of receiving an invoice notice.

9.7 Insolvency. If a receiver or trustee is appointed to take possession of all, or substantially all of the assets of Lessee; or, if any action is taken or suffered by Lessee pursuant to an insolvency, bankruptcy or reorganization act; or, if Lessee makes a general assignment for the benefit of its

creditors; and, if such appointment, action or assignment continues for a period of thirty (30) days, it shall, at Lessor's option, constitute a material breach by Lessee.

Section 10. Duties at Termination or Expiration

10.1 Surrender of Leased Premises. Upon expiration or early termination of this Lease, Lessee shall surrender to Lessor the possession of the Leased Premises. Lessee shall leave the surrendered Leased Premises and any improvements in a clean and leasable condition. If Lessee fails to surrender the Leased Premises at expiration or termination, Lessee shall defend and indemnify Lessor from all liability and expense resulting from the delay or failure to surrender, including, but not limited to claims made by any succeeding tenant founded on or resulting from Lessee's failure to surrender. In the event of failure or refusal of Lessee to surrender possession of the Leased Premises, Lessor shall have the right to reenter the Leased Premises and remove therefrom Lessee or any person, firm or corporation claiming by, through, or under Lessee and to obtain damages for trespass from Lessee.

10.2 Removal of Improvements upon Termination or Expiration. Upon the termination or expiration of this Lease or any extension thereof, including termination resulting from Lessee's breach ("termination"), within sixty (60) days, Lessee shall leave the Leased Premises in a clean and leasable condition, which shall include removal of all improvements and the foundations and footings to any improvements, fixtures, personal property, trash, vehicles, and equipment, except as noted in Sections 10.3 and 10.4 below. Using material approved by Lessor, Lessee shall fill and compact any excavation on the property, including excavation to remove Lessee's improvements.

In the event Lessor authorizes Lessee owned improvements to remain past the sixty (60) day period, Lessee shall pay to Lessor the rent then in effect from the Termination Date until the improvements are removed. If Lessee fails to remove the improvements at the end of the sixty (60) day period where no extension has been granted or at the end of such other period authorized by Lessor, Lessee shall be in trespass, and such improvements shall be deemed "Unauthorized Improvements" subject to disposition as set forth in Section 12.5.

10.3 Lessor's Option. Lessor may allow, at its option, Lessee to leave some or all of Lessee's improvements on the Leased Premises upon termination or expiration. If Lessor so elects, such improvements shall become the property of Lessor upon termination or expiration and Lessor shall have no obligation to compensate Lessee for the same.

10.4 Lessor's Improvements. Any improvements owned by Lessor at the commencement of this Lease, or added to the Leased Premises by Lessor after execution of this Lease, shall not be removed by Lessee. In addition, the following improvements shall not be removed by Lessee, and shall become Lessor-owned at termination or expiration of this Lease: trails, pathways, parking areas, roads, and CTX volt toilet.

10.5 Abandonment of Lessee's Property. All property that Lessee is not required or allowed to leave on the Leased Premises shall, on the sixtieth (60th) day following termination or expiration, be conclusively deemed abandoned. Abandoned property shall, at the election of Lessor, become

the property of Lessor or be destroyed or removed by Lessor.

10.6 Liability for Cleanup Expenses. Lessee shall be liable for all costs and expenses incurred by Lessor to remove or destroy abandoned property and improvements not required or allowed to be left on the Leased Premises, and for the removal of trash or other debris left thereon. In addition, nothing in this Lease shall relieve Lessee of any obligation or liability for removal of Hazardous Material or inappropriate fill material placed on the Leased Premises during the term of the Lease, regardless of when such Hazardous Materials or inappropriate fill material is discovered.

Section 11. Access and Maintenance.

11.1 Access. Provisions for access to the Leased Premises are as follows:

11.1.1 Access to the Leased Premises will be from Palmer Fishhook Road, an Alaska Department of Transportation and Public Facilities maintained road. Lessee is solely responsible for constructing legal driveway access to the Leased Premises. All driveway construction must comply with current Alaska Department of Transportation and Public Facilities and Borough road construction standards. Lessee is responsible for obtaining any necessary state and local permits for driveway construction. Such access must contain a provision that entitles Lessor to use the access as a licensee to the extent necessary to administer this Lease.

11.1.2 Restricting Access. Lessee, at its sole expense, is responsible for regulating public access to the Leased Premises and maintaining hours of operations.

11.2 Driveway, Internal Roads, Trails, and Parking Lot Repair/Maintenance. Lessee, at its sole expense shall maintain and repair any damages to the driveways, pathways/trails, internal roads for its operations, and parking lot, and is responsible for the repair and maintenance thereof, including but not limited to, snow removal, brushing, grading, compacting, ditch and drainage maintenance, shoulder and approach maintenance, or reconstruction of road(s) or driveway(s) to a higher standard.

11.3 Road Maintenance/Construction. New constructed roads or maintenance for existing roads for public access and use on the Lease Premises shall be built to Matanuska-Susitna Borough Public Works Department, Subdivision Construction Manual standards, as amended, and Lessee shall provide the Borough with a road maintenance plan to be accepted by the Borough prior to June 1st of each year.

11.4 Improvements. Lessee shall construct no improvements to roads where access has been provided by the Matanuska-Susitna Borough without the prior written consent of the Lessor. Unless the Lessor agrees to share in the cost of the improvement in writing, the improvements shall be at the sole cost of the Lessee.

11.5 Insurance. The provisions under Section 7, Insurance, shall apply to Lessee's use of roads or driveways authorized herein.

Section 12. Improvements.

12.1 Right to Improve. Lessee, when not in default of its obligations under this Lease, shall have the following rights, during the Term, to the extent Lessee deems advisable, subject however to the satisfaction of the other requirements of this Lease and, unless expressly exempted, subject to the condition that Lessor's prior written approval be obtained:

12.1.1 To construct, place, or install on the Leased Premises, building, structures, lifts, fill, paving, landscaping, trails, and other improvements (each an "Improvement" and collectively the "Improvements"); and

12.1.2 To make such alterations, additions and repairs to the Leased Premises as Lessee may desire.

All Improvements that Lessee constructs, places or installs on the Leased Premises shall remain Lessee's separate property for the duration of the Term of this Lease, and shall continue to be Lessee's property at expiration or termination, except as provided for in Section 10.

12.2 Site Plan. Lessee has submitted and Lessor has accepted a site plan. The site plan includes current engineered drawings for the improvements as planned for Phase 1A, Skeetawk Ski Area Improvement Plans, dated April 1, 2019. Lessee shall not construct any new improvements or additions unless such improvements are approved and authorized in writing by Lessor. Lessee shall not change the site plan without prior written acceptance of Lessor, and Lessee may only amend a site plan through submission of a Government Peak Recreation Area, New Recreational Amenity Application.

12.3 New Recreational Amenity Application. Lessee will provide Lessor with a Government Peak Recreation Area, New Recreational Amenity Application prior to construction of new improvements of, or on, the Leased Premises for Borough staff review, comments, and conditions that will become part of the new improvements.

12.4 Utilities. To the extent Lessee desires to have utility services at the Leased Premises that are not already available on the commencement date of the initial Term, Lessee shall pay for all the costs of bringing and installing utility services to and on the Leased Premises (including electric, telephone, gas, cable, water, solid waste, and sewage disposal). Lessee shall obtain Lessor's prior written approval with respect to the location of any utility services on the Leased Premises.

12.4.1 Prior to excavation, clearing, or construction, Lessee will employ a utility locator service, at no cost to Lessor, to check the Leased Premises for buried utilities.

12.4.2 Lessee shall, at Lessee's sole expense, install any water system(s) and onsite wastewater systems(s) as required by Alaska Department of Environmental Conservation regulations for commercial operations. Lessee further agrees to provide all reports, well logs, or any pertinent documentation for the installed water system(s) and onsite wastewater system(s) to Lessor upon completion of installation.

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12.5 Unauthorized Improvements. All improvements made on the Leased Premises without the written consent of Lessor are unauthorized and, at the Lessor's option, shall be removed by Lessee, or removed by Lessor at the cost to Lessee, or become the property of the Lessor.

12.6 Maintenance and Repair of Improvements. Lessee shall maintain and repair all improvements owned by Lessee, at its own cost.

12.7 As-Built Drawing. Within one hundred twenty (120) days (or, as snow depth allows) after the completion of construction, Lessee shall provide Lessor with an 8-1/2 x 11 inch as-built drawing of the site stamped by a licensed surveyor or engineer. An as-built drawing must establish the location and dimensions of all improvements constructed or installed, including surface structures, existing easements, fences, well, septic, and utilities, and must provide bearings and distances to an established survey point in a form consistent with generally accepted professional standards and any special survey instructions issued.

Section 13. General Provisions.

13.1 No Partnership. The Lessor is not a partner nor a joint venture with Lessee in connection with the business carried out under this Lease and shall have no obligation with respect to Lessee's debts or other liabilities.

13.2 Non-Waiver. Lessor's acceptance of any rent(s), whether Basic Rent or additional annual rent, shall not be deemed a waiver of any breach by Lessee of any of its covenants or obligations in this Lease or of the right of Lessor to reenter the Lease Premises or to declare a forfeiture for any such breach. Waiver by either party of strict performance or any provisions of this Lease shall not be a waiver of nor prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

13.3 Venue and Choice of Law. Any dispute arising out of this Lease shall be governed by the laws of the State of Alaska. Venue for resolving such disputes shall be in State of Alaska, Third Judicial District at Palmer.

13.4 Interpretation and Numbering. This Lease has been submitted to the scrutiny of all parties hereto and their counsel if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel. Section numbers or titles are not to be considered in interpreting this Lease.

13.5 Notices.

13.5.1 Any notice given under this Lease shall be deemed received when delivered by hand or five (5) days after deposit in the United States mail with proper first class postage affixed addressed to the parties' authorized representatives.

13.5.2 Changes of address may be given in accordance with this section. Lessee shall notify Lessor within seven (7) calendar days of any change of address, business name, contact person's name, or other changes that may affect the Lease.

13.5.3 General information regarding this Lease may be sent to:

If to Lessee:

Hatcher Alpine Xperience, LLC.
Post Office Box 924
Palmer, Alaska 99645
(907) 746-7277 (office)

If to Lessor:

Matanuska-Susitna Borough
Community Development Department
Attn: Eric Phillips, Director
350 E. Dahlia Avenue
Palmer, Alaska 99645
(907) 861-8634

13.6 Liens. Lessee shall not suffer nor permit any lien to be filed against Lessee's interest in the Leased Premises or any improvement thereon by reason of work, labor, services or materials performed or supplied to Lessee or anyone holding the Leased Premises or any part thereof under this Lease. If any such lien is filed against Lessee's interest or any improvements thereon, Lessee shall cause the same to be discharged of record within thirty (30) days after the date of filing the same unless Lessor authorizes other arrangements in writing. Lessee shall indemnify, defend, and hold harmless Lessor for any costs, damages or expenses (including attorney's fees) incurred as a result of the filing of such liens or in obtaining their discharge whether such costs, damages or expenses were incurred prior or subsequent to permit termination.

13.7 Force Majeure. Any failure to perform by either party shall not be deemed a violation or breach if due to causes beyond its control and without party's fault or negligence. Forces majeure include interruption, suspension, or interference with the lease caused by acts of God, acts of the public enemy, wars, blockades, insurrections, riots, and similar occurrences.

13.8 Preservation of Markers. Any legal land subdivision survey corners, reference points or monuments are to be preserved. If such are destroyed or disturbed by Lessee, Lessee shall re-establish them by a licensed land surveyor in accordance with U. S. General Land Office standards at its own expense. Corners, reference points, or monuments that must necessarily be disturbed or destroyed in the process of carrying out the operations allowed by this Lease must be adequately referenced, preserved, and replaced. Such references must be approved by Lessor prior to removal of said corners, reference points, or monuments.

13.9 Condemnation. If any public authority, under the power of eminent domain, takes all of the Leased Premises, this Lease shall terminate as of the date possession was taken by said public authority pursuant to such condemnation. If any part of the Leased Premises is so taken and, in the opinion of either Lessor or Lessee, it is not economically feasible to continue this Lease in effect, either party may terminate this Lease. Such termination by either party shall be made by notice to the other given not later than thirty (30) days after possession is so taken, the termination to be effective as of the later of thirty (30) days after said notice or the date possession is taken. If part of the Leased Premises is so taken and neither Lessor nor Lessee elects to terminate this Lease, or until termination is effective, as the case may be, the rental shall be abated in the same proportion as the portion of the Leased Premises so taken bears to the whole of the Leased Premises. All damages awarded for the taking or damaging of all or any part of the Leased Premises, or Lessor-owned improvements thereon shall belong to and become the property of the Lessor and Lessee hereby assigns to Lessor any and all claims to such award. However, Lessor shall not claim any

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interest in or to personal property or authorized improvements belonging to Lessee at termination or expiration.

13.10 Discriminatory Acts Prohibited. Lessee in its use or occupancy of the Leased Premises shall not discriminate against any person or class of persons by reason of sex, race, color, creed, or national origin and shall comply with all federal, state, and borough regulations and laws in regard to discrimination.

13.11 Memorandum of Lease. A Memorandum of Lease for providing constructive notice of the Lease shall be recorded in the Palmer Recording District and the recording expense shall be borne by the Lessee.

13.12 Severability. If any provision of this Lease or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Lease nor the application of the provision to other persons, entities, or circumstances shall be affected thereby, but instead shall be enforced to the maximum extent permitted by law.

13.13 Section Headings. The section headings in this Lease are for conveniences only and have no other significance.

13.14. Integration and Amendments. This Lease, the exhibits attached hereto, contain and state the complete and final understanding of every agreement and representation made by or on behalf of Lessor and Lessee with respect to the Leased Premises. No implied covenant or prior oral or written agreement shall be held to vary or supplement the provisions of this Lease. Any modification of any provision of this Lease shall only be effective when it is made in a writing that specifically states it is an amendment of this Lease and that is signed by authorized representatives of both parties. Lessee acknowledges that no representative of Lessor is authorized to modify this Lease unless the provisions of the MSB Code are satisfied, including, where necessary, the approval of the MSB Assembly.

Section 14. Exhibits.

This Lease is subject to the terms and conditions of exhibits referenced herein, which are attached hereto and by this reference, made a part hereof.

List of Exhibits

- Exhibit A – Leased Premises
- Exhibit B – Insurance Requirements

IN WITNESS WHEREOF, Lessor and Lessee have duly executed and acknowledged this Lease for on the dates indicated below.

Matanuska-Susitna Borough,
A municipal corporation
("Lessor")

John Moosey
Borough Manager

Date

ACKNOWLEDGEMENT OF LESSOR

STATE OF ALASKA)
) ss.
Third Judicial District)

THIS IS TO CERTIFY that on this _____ day of _____ 2020, before me, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared John Moosey, Borough Manager of the Matanuska-Susitna Borough, a municipal corporation, who is personally known to me, appeared and acknowledged before me that he signed the Skeetawk Ski Area, Ground Site Lease for and on behalf of the municipal corporation, and acknowledge to me that he signed the same freely and voluntarily for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

[NOTARY SEAL]

Notary Public for State of Alaska
My commission expires: _____

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Hatcher Alpine Xperience, LLC.,
a 501(c)3, nonprofit corporation

("Lessee")

By: _____

_____ Date

Print Name: _____

Print Title: _____

ACKNOWLEDGEMENT OF LESSEE

STATE OF ALASKA)

)ss.

Third Judicial District)

THIS IS TO CERTIFY that on this _____ day of _____, 2020, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, _____, [TITLE], of Hatcher Alpine Xperience, LLC., a 501(c)3, non-profit corporation, known to me to be the identical individual who executed the foregoing instrument, and they acknowledged before me that they executed the Skeetawk Ski Area, Ground Site Lease as the free and voluntary act of said company, with full authority to do so and with full knowledge of its contents, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

[NOTARY SEAL]

Notary Public for State of Alaska
My commission expires: _____

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EXHIBIT A

The Leased Premises are located within Sections 9, 10, 11, 14, 15, and 16, Township 19 North, Range 1 East, Seward Meridian, Alaska.

LEGAL DESCRIPTION: Those portions of Tract B within the unsurveyed sections of 9, 10, 11, 14, 15 and 16, Township 19 North, Range 1 East, Seward Meridian, Alaska, according to the United States Bureau of Land Management Survey, approved on October 16, 1979.

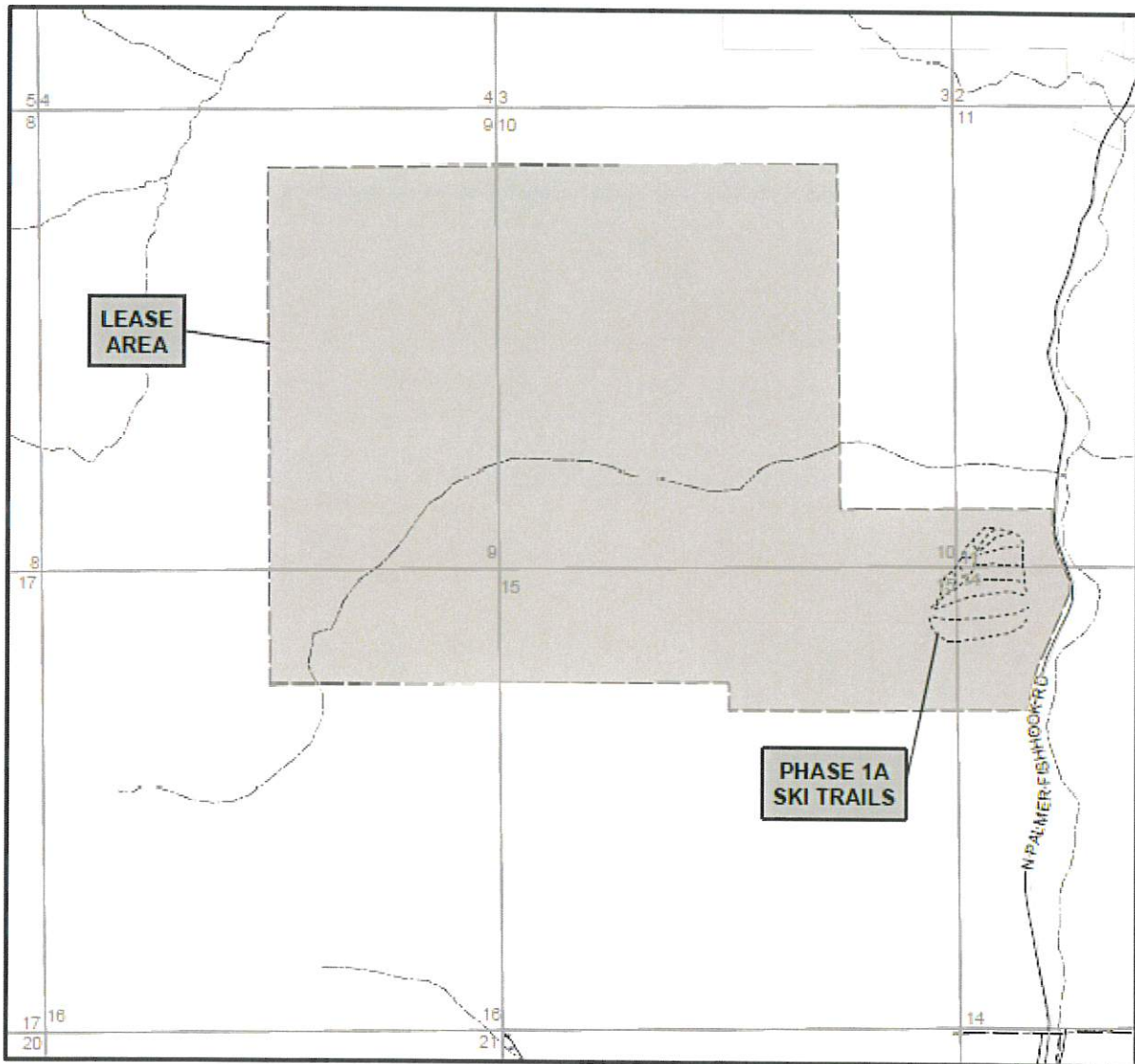


EXHIBIT B

INSURANCE REQUIREMENTS

The parties herein to this Agreement specifically agree that the provisions of this Agreement does not create in the public or any member thereof, a third party benefit hereunder, or authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms and provision of this Agreement. It is highly recommended that HAX confer with their respective insurance companies or brokers to determine if their insurance program complies with the Borough's Insurance requirements.

HAX shall procure and maintain the following insurance:

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services office form number CG 0001 (Edition 04/13) covering Commercial General Liability.
2. Insurance Services office form number CA 0001 (Edition 04/13) covering Automobile Liability, symbol 8 & 9 "hired and non-owned vehicles."
3. Workers' Compensation insurance as required by the State of Alaska and Employer's Liability Insurance.

B. Minimum Limits of Insurance

HAX shall maintain limits no less than:

Property, Equipment, and Business Personal Property Insurance in limits sufficient to protect Lessee's improvements and ability to continue operations.

1. General Liability:

\$2,000,000 combined single limit per occurrence for bodily injury, property damage, personal injury, and advertising injury. The general aggregate limit shall be \$5,000,000.

General liability insurance shall be maintained in effect throughout the term of the Agreement.

If the general liability insurance is written on a claim made form, then HAX shall provide insurance for a period of two years after termination or expiration of this Agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.

2. Auto Liability:
Symbol 1 "Any Auto - \$1,000,000 combined single limit per accident for bodily injury and property damage.
3. Workers' Compensation and Employer's Liability:
Workers' Compensation shall be statutory as required by the State of Alaska.
4. Excess Liability:
In order to meet the required minimum limits of insurance it is permissible for HAX to combine an excess liability or umbrella policy with the general liability, auto liability, or employer's liability. In the instance where HAX purchases an excess liability or umbrella policy, the occurrence limit and the aggregate limit may be of the same amount.

C. Deductibles and Self-Insured Retention

Prior to work commencing, any deductible or self-insured retention must be declared and approved by the Borough. HAX may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the Borough, HAX shall reduce or eliminate such deductibles or self-insured retention as respects the Borough, its officers, officials, employees, and volunteers; or the HAX shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability
 - a. The Borough, its Administrator, officers, officials, employees and volunteers shall be covered as additional insured as respects: liability arising out of activities performed by or on behalf of HAX; products and completed operations of HAX premises owned, occupied, or used by HAX or automobiles owned, leased, hired, or borrowed by HAX. The coverage shall contain no special limitation on the scope of protection afforded to the Borough, its Administrator, officers, officials, employees, and volunteers.
 - b. HAX's insurance coverage shall be primary insurance and non-contributory as respects the Borough, its Administrator, officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Borough, its Administrator, officers,

officials, employees, and volunteers shall be in excess of HAX's insurance and shall not contribute to it.

- c. HAX's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability

The insurer shall agree to waive all rights of subrogation against the Borough, its Administrator, officers, officials, employees, and volunteers for losses arising from work performed by HAX or any subcontractor of HAX in relation to this Agreement.

3. All Insurance

For each insurance policy required by this Agreement, coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits except after 30 days prior written notice for nonpayment of premium or fraud on the part of HAX or after 60 days prior written notice for any other reason. Such written notice must be made by certified mail, return receipt requested to the Borough Manager and to HAX.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-VII.

F. Verification of Coverage

HAX shall furnish the Borough with certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the Borough. All certificates are to be received and approved by the Borough before work commences. The Borough reserves the rights to require complete, certified copies of all required insurance policies, at any time.

G. Subcontractors, Vendors and Sublessees

All subcontractors, vendors and sublessees shall provide their own insurance. HAX must maintain a list of all vendors and current certificates of insurance for each meeting limits approved by Lessor and name the Borough, its Administrator, officers, officials, employees, and volunteers as additional insureds. All coverage for subcontractors and sublessees shall be subject to all requirements stated herein.

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H. Lapse in Insurance Coverage

A lapse in insurance coverage, any change that restricts, reduces insurance provided, or changes name of insured without Borough approval is a material breach of this Agreement, which can result in immediate termination of the Agreement.

HAX LEASE WORKSHEET FOR ANNUAL RENTS (MSB007474)

| LEASE YEAR | ANNUAL AMOUNT | RENT CONDITIONS THAT APPLY TO LEASE YEAR |
|--|---------------|--|
| 1 | \$ 500.00 | APPLICATION FEE USED FOR 1ST YEARS LEASE AMOUNT. |
| 2 | \$ 500.00 | |
| 3 | \$ 500.00 | |
| 4 | \$ 500.00 | |
| 5 | \$ 500.00 | |
| LEASE YEAR 6 | \$ 500.00 | 3% GROSS REVENUES FOR DAILY LIFT TICKETS & SEASON PASSES. |
| 7 | \$ 500.00 | THE AMOUNT COLLECTED WILL NOT EXCEED THE LFMV IN |
| 8 | \$ 500.00 | ACCORDANCE W/ MSB23.10.060(C)(2)(b), BASED ON THE VALUE OF |
| 9 | \$ 500.00 | THE FEE SIMPLE INTEREST PER ACRE ASSIGNED BY MSB ASSESSOR |
| 10 | \$ 500.00 | OR AN ANNUAL RATE OF \$500, WHICHEVER IS HIGHER. |
| LEASE YEAR 11 | \$ 1,000.00 | 4% GROSS REVENUES FOR DAILY LIFT TICKETS & SEASON PASSES. |
| 12 | \$ 1,000.00 | THE AMOUNT COLLECTED WILL NOT EXCEED THE LFMV IN |
| 13 | \$ 1,000.00 | ACCORDANCE W/ MSB23.10.060(C)(2)(b), BASED ON THE VALUE OF |
| 14 | \$ 1,000.00 | THE FEE SIMPLE INTEREST PER ACRE ASSIGNED BY MSB ASSESSOR |
| 15 | \$ 1,000.00 | OR AN ANNUAL RATE OF \$500, WHICHEVER IS HIGHER. |
| 16 | \$ 1,000.00 | |
| 17 | \$ 1,000.00 | |
| 18 | \$ 1,000.00 | |
| 19 | \$ 1,000.00 | |
| 20 | \$ 1,000.00 | |
| LEASE YEAR 21 - FAIR MARKET VALUATION REQUIRED. BASIC RENT ADJUSTED TO 2.5% OF THE FAIR MARKET VALUE DETERMINED BY 23.10.060(B)(1)-(3). LFMV MSB 23.10.060(C)(2). | | |
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| 30 | | |
| LEASE YEAR 31 - FAIR MARKET VALUATION REQUIRED. BASIC RENT ADJUSTED TO 2.5% OF THE FAIR MARKET VALUE DETERMINED BY MSB 20.10.060(B)(1)-(3). LFMV MSB 23.10.060(C)(2). | | |
| 31 | | |
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| 39 | | |
| 40 | | |
| LEASE YEAR 41 - RENEWAL TERMS | | |

EXAMPLE: USING \$100 AN ACRE (ASSESSED VALUE) FOR 1040 ACRES

\$ 100.00 X 1040 = \$ 104,000.00
 \$ 104,000.00 X 2.5% = \$ 2,600.00 NOT TO EXCEED AMOUNT
 (INCLUDES THE \$500 BASIC RENT)

SAME AS THE EXAMPLE ABOVE, WHICH INCLUDES THE \$1,000 BASIC RENT.

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**MATANUSKA-SUSITNA BOROUGH
PARKS, RECREATION AND TRAILS ADVISORY BOARD
RESOLUTION SERIAL NO. 19-05**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH PARKS, RECREATION AND TRAILS ADVISORY BOARD RECOMMENDING THAT THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVE THE SKEETAWK SKI AREA, LESS THAN FAIR MARKET VALUE GROUND SITE LEASE WITH HATCHER ALPINE XPERIENCE, LLC., A 501(C)3, NON-PROFIT ORGANIZATION, FOR THE PURPOSE AND USE OF THE LAND FOR A REGIONAL ALPINE SKI AREA AT HATCHER PASS (MSB007474).

WHEREAS, Hatcher Alpine Xperience, LLC. was formed during the fall of 2015 by a dedicated group of community members that want to improve the quality of life for the Mat-Su Valley residents by bringing the first, lift access skiing to Hatcher Pass; and

WHEREAS, Hatcher Alpine Xperience, LLC. purpose and values are to provide a year round, affordable and accessible alpine experience at a state-wide destination that is locally focused, supports healthy families of all ages, and the community; and

WHEREAS, Hatcher Alpine Xperience, LLC.'s mission is to develop and maintain a regional alpine ski area in Hatcher Pass to promote safe outdoor recreation and healthy lifestyles; and

WHEREAS, Hatcher Alpine Xperience, LLC. is developing the Government Peak Recreation Area - at Hatcher Pass, Northern Sub-Unit as the Skeetawk at Hatcher Pass alpine ski area and currently operating under a Management Agreement with the Matanuska-Susitna Borough since September 20, 2016, and amended May 29, 2019; and

WHEREAS, Hatcher Alpine Xperience, LLC. has received various grant funds since its inception from the Matanuska-Susitna Borough, Mat-Su Health Foundation, and the Rasmuson Foundation along with a growing membership, volunteer hours, and in-kind donations from several local businesses and organizations; and

WHEREAS, during the summer of 2019, Hatcher Alpine Xperience, LLC. has expanded the parking lot, a "return to lift" access road, installed a CXT Vault Toilet, support buildings (ski patrol and yurt warming hut), and installation of four towers for an 1,250 lineal feet triple chair lift to be installed the fall of 2019; and

WHEREAS, with the newly expanded infrastructure, Hatcher Alpine Xperience, LLC. wishes to enter into a less than fair market value, long term ground lease with the Matanuska-Susitna Borough in order to have a greater stake in its operations and future financial support that provide important outdoor recreational services for the Mat-Su Valley community; and

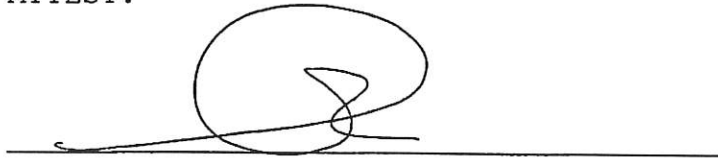
NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Parks, Recreation and Trails Advisory Board recommends that the Matanuska-Susitna Borough Assembly adopt an ordinance for a less than fair market value Skeetawk Ski Area, Ground Site Lease with Hatcher Alpine Xperience, LLC. for the purpose and use of a regional alpine ski area at Hatcher Pass.

ADOPTED by the Matanuska-Susitna Borough Parks, Recreation
and Trails Advisory Board this 26th day of August 2019.


26 Aug 19

Ed Strabel, Chairperson

ATTEST:



Leda Borys, Recreation and Library Services Division
Administrative Specialist