

EASEMENT AGREEMENT

This Easement Agreement (the "Agreement") is entered into in Gunnison County, Colorado on this 23rd day of March, 2004 as follows:

1. PARTIES. The parties to this agreement are:

Three Valleys, LLC, a Colorado limited liability company ("Grantor")

and

The Town of Mt. Crested Butte, a home rule municipal corporation of the State of Colorado ("Grantee").

2. FACTS AND PURPOSES. The following facts and purposes pertain to this Agreement:

2.1 Grantor owns the tract of real property described in Exhibit A to this Agreement (the "Servient Estate").

2.2 It is Grantor's desire to grant an easement and right of way as hereinafter described to Grantee and the public at large for the construction and use of a recreation path on the terms and conditions set forth herein.

2.3 Grantor and Grantee agree as follows.

3. GRANT OF EASEMENT. Grantor, for itself, its successors and assigns, does hereby grant and convey to Grantee the non-exclusive right for the Grantee and the public at large at all times hereafter, to pass and repass across the easement area described on attached Exhibit B (the "Easement Area") on the terms and conditions of this Agreement.

4. CONSTRUCTION AND MAINTENANCE OF THE RECREATION PATH. The parties agree to the following provisions regarding the construction and maintenance of the recreation path:

4.1 Grantee shall be entitled to construct a recreation path in the Easement Area. The surface of the recreation path shall measure eight feet in width, provided, however, that the bike path may be wider, to the least extent necessary, where it intersects the current bike path as long as it remains within



the Easement Area. The recreation path surface will be concrete and the color shall be a brownish earth tone as specifically selected by Grantor in its sole discretion at the time of its construction.

4.2 As part of the construction, the North side of the Easement Area shall be delineated by the placement of large rocks and native vegetation. The type and placement of such rock and native vegetation shall be subject to the prior approval of Grantor, which will not be unreasonably withheld. Grantee shall only be required to expend a maximum of \$10,000 on such rock and vegetation.

4.3 The recreation path will parallel Moon Ridge Lane.

4.4 Although the recreation path will be straight it will be constructed to follow the up and down contour of the land with a minimal amount of cutting into ridges and filling lowlands. The construction in the recreation path shall be subject to the approval of the Grantor. If it is not feasible to construct the recreation path within the Easement Area due to site constraints resulting from the course of the recreation path contacting the stormwater detention areas or wetlands shown on the plat of the Three Valleys Subdivision, the parties agree to negotiate any necessary relocation of such segments of the Easement Area. The parties shall execute an amendment to this Agreement to evidence that agreed upon relocation of the Easement Area.

4.5 Grantee shall be responsible for addressing any Gunnison County issues with respect to the interface of the recreation path onto Gothic Road.

4.6 Construction of the recreation path shall be commenced no earlier than January 1, 2004 and shall be completed in its entirety by January 1, 2012, provided, however, that once construction of the recreation path has begun, it must be completed within 60 days.

4.7 Grantee shall not disturb, destroy or remove any improvement that Grantor may now have on the Servient Estate without Grantor's prior written approval.

4.8 The cost of all construction, maintenance, improvements and repairs of the recreation path and the Easement Area shall be at the sole expense of Grantee.

4.9 Immediately upon completion of the recreation path, Grantee shall restore all property disturbed or damaged to a condition as near as reasonably possible as it was prior to the construction of such path.

4.10 Grantee shall repair any damage that Grantee or Grantee's contractor shall do to the landscaping, vegetation, structures and/or other



improvements upon Grantor's property and shall further indemnify and hold harmless Grantor, its heirs, representatives, successors or assigns, against any and all costs, expense, claim or damage of any kind, including reasonable attorneys' fees, which shall be caused by the exercise of the privileges granted pursuant to this Agreement.

5. USE OF THE RECREATION PATH. The parties agree to the following provisions regarding the use of the recreation path and the Easement Area:

5.1 The recreation path may be used by Grantee and the public at large only on bicycles, roller blades, on foot, and on cross country skis. No horses, motorized vehicle or other mechanized apparatus of any kind shall be allowed upon the Easement Area except for wheel chairs. There will be no stopping in the Easement Area for a picnic or other gathering.

5.2 Dogs will only be allowed on the Easement Area when accompanied by a person and must be on a leash with a maximum length of six feet and under control at all times. Grantee will provide signs setting forth the restrictions regarding dogs. The type and wording of such signs shall be subject to the prior approval of Grantor. Grantee shall be responsible for the maintenance and replacement of such signs.

5.3 There will no lighting of any kind by the Grantee along the Easement Area.

5.4 There will be no snow plowing, snow packing or snow making by the Grantee along the Easement Area, provided, however, that Grantee may groom the recreation path with a snowcat to create a cross country skiing track once per day within the hours of 10 AM and 3 PM. Grantor shall not be responsible for any disruption to the cross country ski track caused by the plowing of driveways that cross the recreation path.

5.5 The Easement Area will not be used for any organized races or any other organized function.

5.6 The Easement Area may not be used by Grantee for the placement of utilities nor may Grantee grant an easement for the placement of utilities to others.

5.7 Grantee shall provide signs for the Easement Area to discourage trespassing onto land in the Three Valley Subdivision and Moon Ridge Road and to set forth the rules and regulation of the use of the recreation path. The type and wording of such signs shall be subject to the prior approval of Grantor.



Grantee shall be responsible for the maintenance and replacement of such signs.

5.8 Grantor, its successors and assigns, shall have the right to cross the easement area with streets, driveways, utilities and for such other purposes as will not interfere with Grantee's full enjoyment of the rights hereby granted. Grantee acknowledges that the exercise of Grantor's rights under this Paragraph 5.8 will include digging up portions of the Easement Area and the temporary closure of the recreation path during such construction. Grantor agrees to repair any damage that Grantor or Grantor's contractor shall do to the recreation path which shall be caused by the exercise of the privileges granted to Grantor pursuant to this Paragraph.

5.9 The Easement Area may not be used by Grantee or the public at large until such time as the recreation path is completed.

6. INDEMNIFICATION. Grantee hereby agrees to hold Grantors, its shareholders, directors, officers, agents, successor and assigns, including, but not limited to, the future homeowners in the Three Valleys Subdivision and the Three Valley Homeowners Association harmless from any and all liability arising from injuries to persons or property resulting from the use of the Easement Area.

7. RUNNING OF BENEFITS AND BURDENS. All provisions of this instrument, including all benefits and burdens shall run with the lands of the Grantor and are binding upon and shall inure to the benefit of the successors and assigns of the parties hereto, subject to Paragraph 8.

8. ENFORCEMENT. This Agreement and the terms, conditions and provisions hereof may be enforced by either of the parties hereto and successor owners of all or any portion of the Servient Estate. If legal or administrative suits or proceedings are brought against any party, whether a party to this instrument or not, for the purpose of such enforcement, the prevailing party or parties shall recover from the non-prevailing party or parties all costs associated therewith, including but not limited to reasonable attorneys' fees.

9. ASSIGNMENT. The rights granted to Grantee hereunder may not be assigned without the prior written consent of Grantor.

10. JURISDICTION AND VENUE. This Agreement is entered into in Gunnison County, Colorado and it is agreed that the proper jurisdiction and venue of any action pertaining to the interpretation or enforcement of this Agreement shall be in the District Court of Gunnison County, Colorado.

IN WITNESS WHEREOF, the parties hereto have executed this Easement



EXHIBIT A
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SERVIENT ESTATE

PARCEL 1

A tract of land within the S1/2NW1/4 and the N1/2SW1/4 of Section 35, Township 13 South, Range 86 West, Sixth Principal Meridian, Gunnison County, Colorado; said tract being more particularly described as follows:

Commencing at the northeast corner of said S1/2NW1/4, thence South 00° 15' 34" West 825.00 feet along the north-south center section line said Section 35 to the northeast corner of Parcel No. 1 of the Three Valleys, LLC property, (as described under Reception No. 489904 of the records of Gunnison County); thence WEST 28.47 feet along the north boundary of said Parcel No. 1 to a point on an existing north-south fenceline, said point also being the POINT OF BEGINNING for the herein described tract; thence the following courses around said tract:

1. South 01° 28' 21" West 549.25 feet along said fenceline to a point on the north boundary of Parcel No. 4 of said Three Valleys, LLC property;
2. WEST 1129.30 feet along said boundary to the northwest corner of said Parcel No. 4;
3. WEST 4.19 feet;
4. North 09° 43' 33" West 182.75 feet to a point on an existing fenceline;
5. North 09° 43' 33" West 366.55 feet along said fenceline to a fence corner;
6. North 78° 28' 37" East 439.35 feet to a point on the east boundary of Parcel No. 3 of said Three Valleys, LLC property;
7. SOUTH 80.10 feet along said boundary to an easterly corner of said Parcel No. 3, said corner also being the northwest corner of Parcel No. 2 of said Three Valleys, LLC property;
8. EAST 809.91 feet along the north boundary of said Parcel No. 2 and thence along the north boundary of said Parcel No. 1 to a point on an existing north-south fenceline, said point also being the POINT OF BEGINNING of the herein described tract.

This tract contains 15.33 acres more or less.



EXHIBIT A
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PARCEL 2:

A tract of land within the SE1/4NW1/4 and the NE1/4SW1/4 of Section 35, Township 13 South, Range 85 West, Sixth Principal Meridian, Gunnison County, Colorado; said tract being more particularly described as follows:

Commencing at the southeast corner of said Section 35, (as marked by a USGLO brass cap monument), thence North 45° 48' 29" West 3712.10 feet to the southeast corner of Parcel 4 of the Guerrieri Joint Venture property, (as described under Reception #489904 of the records of Gunnison County), said corner also being the POINT OF BEGINNING of the herein described tract; thence the following courses around said tract:

1. North 89° 59' 37" West 40.58 feet along the south boundary of said Parcel 4 to a point on an existing north-south fenceline;
2. North 01° 28' 21" East 114.34 feet along said north-south fenceline to a point on an existing east-west fenceline;
3. South 85° 20' 07" East 38.28 feet along said east-west fenceline to a point on the east boundary of Parcel 1 of said Guerrieri Joint Venture property;
4. South 00° 15' 57" West 111.20 feet along said boundary and thence along the east boundary of said Parcel 4 to the southeast corner of said Parcel 4, said corner also being the POINT OF BEGINNING of the herein described tract.

This tract contains 4441 square feet more or less.

Basis of Bearings is astronomic north as determined by solar observations.

Together with all right, title and interest of Three Valleys, LLC as successor in-interest to Guerrieri Joint Venture, a Colorado partnership in and to the Mutual Easement Agreement recorded in Book 731 at page 513.

County of Gunnison,
State of Colorado.



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EXHIBIT B

EASEMENT AREA

The 25' wide Recreation Path Easement as shown on the Plat of Three Valleys Subdivision recorded at Reception No. 541522 of the records of Gunnison County, Colorado.

TOGETHER WITH a 25' wide easement over Parcel 2 set forth in Exhibit A above between the 25' wide Recreation Path Easement as shown on the Plat of Three Valleys Subdivision and the Grant of Easement recorded September 13, 1995 in Book 770 at page 308 of the records of Gunnison County, Colorado between Dolores G. LaVigne and the Town of Mt. Crested Butte, Colorado.