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OCT 2 1964

Washington Title
657 Deeds 543-119

Bob Kitchner
Kalamazoo
Chem

Trust contract Page 4
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Washington Title Insurance Company
Yakima County Office
20 No. 2nd St., Yakima, Wash. 98901 (509) 7-4107

2012785

S U B L E A S E

SUBLEASE dated as of August 1, 1964 entered into by and between White Pass Company, Inc., a Washington corporation ("White Pass" herein) and Frank W. Pattison ("Pattison" herein) whose address is 1251 Evergreen Point Road (P. O. Box 578) Bellevue, Washington, 98004.

RECITALS:

A. WHEREAS White Pass holds a Special Use Permit dated September 8, 1955 and a Term Special Use Permit dated July 11, 1955 from the United States Forest Service ("Forest Service" herein) for the construction and operation of a winter sports recreation area ("Winter Sports Area" herein) located in Snoqualmie National Forest at White Pass immediately south of Washington State Highway No. 5 in the Counties of Lewis and Yakima, State of Washington, and outlined in red on the map attached hereto as Exhibit A and by this reference made a part hereof, which Permits, together with all renewals thereof, substitutions therefor, and other permits or licenses heretofore or hereafter given to White Pass covering the Winter Sports Area, are hereinafter referred to as "the Winter Sports Area Permits"; and

B. WHEREAS White Pass holds a Term Special Use Permit dated September 15, 1964 from the Forest Service, copies of which Permit are recorded in the offices of the auditors of Lewis and Yakima Counties, Washington, under Auditors' File Nos. 2012784 - Yakima Co. and 78 respectively, which Permit gives White Pass the exclusive right to develop an additional permit area ("Village Area" herein), outlined in green on the map attached hereto as Exhibit A, situated in said counties and state and more particularly described in Exhibit B attached and by this reference made a part hereof, which Permit, together with all renewals thereof, substitutions therefor, and other permits or licenses heretofore or hereafter given to White Pass covering the Village Area, is hereinafter referred to as "the Village Area Permit"; and

C. WHEREAS Pattison is to be responsible for the orderly, efficient and appropriate development and operation of all of the facilities to be completed pursuant to the Village Area Permit, except that White Pass will retain responsibility for such functions as snow removal and the construction,

operation, maintenance and repair of roads, parking, a central water system, a central sewage system and other major improvements in the Village Area; and

D. WHEREAS Pattison proposes to arrange for the construction of each of the several facilities contemplated by the Village Area Permit either himself or by separate arrangements with the party or parties interested in such facilities and for this purpose will himself retain or will, subject to the prior approval of White Pass and the Forest Service, assign to such party or parties such rights, powers and privileges under the Village Area Permit and will delegate to them such duties and obligations thereunder as Pattison shall have received from White Pass and as shall be appropriate to the orderly development and operation of the Village Area, and

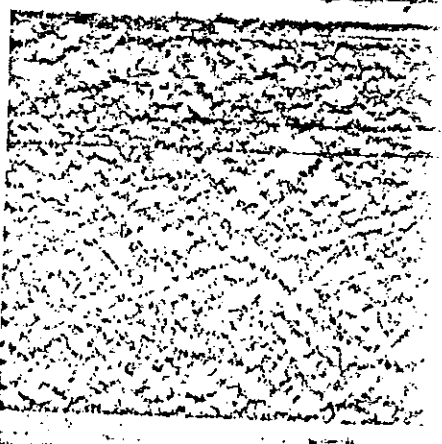
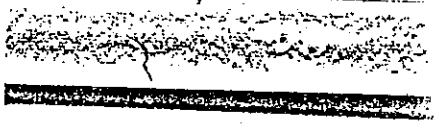
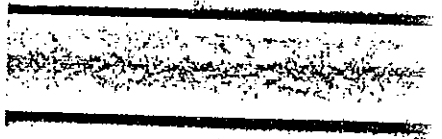
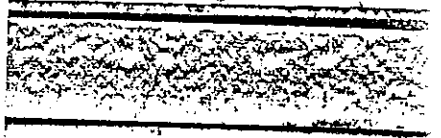
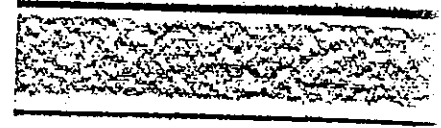
E. WHEREAS Pattison has arranged for the construction of the facilities required in the Village Area Permit for 1966 completion.

AGREEMENT:

NOW, THEREFORE, the parties hereto agree as follows:

1. White Pass hereby grants, conveys, assigns, sells and sublets to Pattison permission to use and occupy the Village Area as and for the purposes stated in the Village Area Permit, together with all the rights, interests, powers and privileges of White Pass under the Village Area Permit, insofar as they are applicable and incidental to such use and occupancy. The permission, rights, interests, powers and privileges so granted to Pattison shall extend for the life of the Village Area Permit and shall be subject to all of the terms and conditions thereof and hereof. No development beyond that specifically required in the Village Area Permit for 1966 completion will be undertaken without prior White Pass agreement and approval, as well as that of the Forest Service. White Pass agrees to use its best efforts to keep the Village Area Permit and the Winter Sports Area Permits in good standing and in full force and effect by doing everything reasonably possible to keep the Permits renewed and applying for new permits upon the expiration of existing permits, all in order at all times fully to protect the rights of Pattison to occupy and use the Village Area as contemplated hereunder; provided, that White Pass shall incur no liability under this paragraph

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due to the failure of the United States Forest Service to grant such renewals or additional permits or from the United States Forest Service terminating the Permits when such failure or termination is due to circumstances beyond the reasonable control of White Pass.

2. Pattison hereby expressly assumes the duties and obligations and agrees to abide by the terms and conditions of the Village Area Permit insofar as they are fairly and directly applicable to the several facilities being developed in the Village Area. As each of such facilities is constructed, and its ownership and operation provided for, such duties and obligations may be apportioned among such owners and operators on an equitable basis with the prior written approval of White Pass, as well as that of the Forest Service. It is recognized that White Pass is solely and ultimately responsible to the Forest Service and agreed that Pattison or such owners and operators as the case may be are to be solely or severally responsible as the case may be to White Pass or to such managing agent as White Pass may from time to time designate.

3. White Pass agrees to construct and make available to Pattison, without charge, roads and parking areas as they become reasonably necessary for the development in the Village Area. Such roads will be roughed in beginning as soon as practicable, will be gravelled as soon as necessary to serve the buildings being constructed and will be paved as soon as pavement is appropriate to the state of completion of the development in the Village Area.

not done yet

4. White Pass agrees to construct and make available to Pattison without charge a central sewage plant and main lines in connection therewith adequate to serve the development in the Village Area as it progresses and as required by the Village Area Permit. Pattison will be responsible for connections with the central sewage system. Convenient connections for each structure utilizing such system shall be provided by White Pass as agreed by White Pass and Pattison in the letter dated July 31, 1964, attached hereto as Exhibit C and by this reference made a part hereof. Pattison will pay to White Pass a reasonable monthly charge for the use of the central sewage system, which shall include costs of operation and maintenance and amortization of White Pass' investment including interest over a fifteen year period.

5. White Pass agrees to construct and make available to Pattison without charge a central water system, and main

*Pave
Park
Road
Sewage
Water*

lines in connection therewith, adequate to serve the requirements of the development in the Village Area as it progresses and as required by the Village Area Permit. Pattison will be responsible for connections with the central water system. Convenient connections for each structure utilizing such system shall be provided by White Pass as agreed by White Pass and Pattison in Exhibit C attached. Pattison will pay a reasonable monthly charge to White Pass for water supplied by it, which shall include the costs of operation and maintenance and amortization of White Pass' investment including interest over a fifteen year period.

6. White Pass will keep the roads, parking lots and the service entrances in the Village Area except those used at the service station pursuant to the Village Area Permit free from snow. For this service Pattison will pay \$1.00 per month from December through April in each year per Apartment actually constructed in the motel or lodge required by the Village Area Permit.

7. It is understood and agreed that there shall be no garbage burning or disposal in the vicinity of the Winter Sports Area or the Village Area. White Pass and Pattison will cooperate in the disposal of garbage.

8. White Pass will furnish Pattison without charge all necessary and appropriate rights, permits and easements across land controlled by White Pass to connect with electrical and telephone utilities.

9. White Pass agrees to use its best efforts to have the level of White Pass Lake, situated northeast of the Village Area, raised and to have it improved for boating and fishing, but without incurring out-of-pocket expense. White Pass will investigate and consider implementing an insect control program for the benefit of the Village Area.

10. Pattison and White Pass will cooperate in performing the obligations in the Village Area Permit being shared by White Pass and Pattison as to the Village Area, provided that Pattison shall not, by the provisions of this paragraph, acquire any control over White Pass' construction program, advertising and promotion or operation.

11. All architecture on both sides of the road will be reviewed by a committee which is to be called the Architectural Committee and will consist of two members to be named by

Survey

insect control

wow!

White Pass and two by Pattison, one of the latter two to be a registered architect.

12. The names used for the facilities in the Village Area shall be subject to the prior written approval of White Pass.

13. Pattison may, with the prior approval of White Pass and the Forest Service, assign, transfer, grant and/or sublet to others any or all of the rights, powers, privileges and interests granted, conveyed, assigned, transferred, sold or subleased to or benefitting Pattison hereunder, and may delegate to others any or all of the obligations, duties and liabilities of Pattison hereunder as relate to all or any part of the Village Area for the purpose of arranging for the construction, maintenance and operation of the facilities required by the Village Area Permit. Any such assignment shall be made expressly subject to the terms and conditions of and shall delegate the obligations and duties of the Village Area Permit and of this Sublease insofar as they are fairly and directly applicable to the facilities for which such assignment is being made. Subject to the foregoing provisions of this paragraph, this Sublease shall be binding upon and shall inure to the benefit of the heirs, successors and assigns of the parties.

14. Pattison agrees to keep complete, accurate and up-to-date records of all transactions hereunder and under the Village Area Permit which records shall be available at all reasonable times to inspection by White Pass and the United States Forest Service.

15. Title to the several apartments in the lodge or motel required by clause 21(b) of the Village Area Permit may be freely transferred and such apartments may be mortgaged or encumbered notwithstanding clause 12 of the Village Area Permit and paragraph 13 hereof. The temporary use and occupancy of such apartments may be sublet by the owners thereof without the approval of the Forest Supervisor or of White Pass notwithstanding clause 14 of said Permit and paragraph 13 hereof. White Pass hereby consents to the rental of such apartments by their individual owners or an association of such owners, provided that such apartments shall be made available to members of the general public other than owners when not reserved for use by their owners. By its approval hereof the Forest Service agrees that title to the improvements constituting the several facilities to be built in the Village Permit Area may

Pattison may transfer

Transfer may occur

be held by Pattison or Pattison's assignees from time to time and that such improvements may be mortgaged or encumbered, provided that White Pass shall at all times remain solely and ultimately responsible to the Forest Service for compliance with the terms and conditions of the Village Area Permit by all parties using the Village Area with the permission of White Pass.

16. It is recognized that Pattison is an independent contractor and shall not have the right by virtue of this Sublease to bind White Pass or to transact any business in the name of White Pass or in its behalf in any manner or form or to make any promises or representations on behalf of White Pass.

17. Pattison shall make the terms and conditions of the Village Area Permit and of this Sublease, to the extent applicable, a part of the obligations of all contractors to whom construction work within the Village Area is given.

18. A. In connection with the performance of work under this Sublease, including construction, maintenance and operation of the facility, Pattison shall not discriminate against any employee or applicant for employment because of race, color, creed, or national origin.

B. Pattison and his employees shall not discriminate by segregation or otherwise against any person on the basis of race, color, creed, or national origin by curtailing or refusing to furnish accommodations, facilities, services, or use privileges offered to the public generally.

C. Pattison shall include and require compliance with the above non-discrimination provisions in any subcontract made with respect to the operations under this Sublease.

19. Pattison shall indemnify White Pass and the United States against all liability for damage to life or property occurring in the Village Area and resulting from the operations of Pattison under this Sublease, provided that this is not an agreement to indemnify White Pass or the United States against their own negligence or malfeasance.

20. Pattison will at all times have in force public liability insurance or its equivalent, giving protection to the

extent of a minimum of \$50,000.00 in the event of death or injury to any one individual, and \$250,000.00 in the event of death or injury to more than one individual, if such death or injury arises in connection with the construction, operation, maintenance or use of any of the improvements being developed or already developed by Pattison in the Village Area, or such lesser protection as to any given improvement as may be acceptable to the Forest Service. Pattison shall require the insurance company to send a certified copy of the policy to White Pass and to the Forest Service immediately upon issuance thereof. This policy shall contain a specific provision or rider to the effect that the policy will not be cancelled or its provisions changed or deleted before thirty (30) days' written notice is given to the Forest Service and White Pass by the insurance company.

21. A. If any obligation of Pattison under this Sublease shall not be performed when due, White Pass shall have the right to give notice thereof as follows:

(1) If Pattison has not delegated said obligation under paragraph 13 hereof and said obligation has not been assumed by Pattison's assignee and White Pass has not been given notice of such assignment, then to Pattison;

(2) If Pattison has delegated said obligation as provided in paragraph 13 hereof and said obligation has been assumed by Pattison's assignee and White Pass has been given notice thereof then by notice to Pattison and to such assignee. The notice shall specify the default complained of and Pattison or his assignee as the case may be, shall have thirty (30) days after receiving said notice to make the overdue payment, if the default is in money payment, and if the default is not in money payment, then sixty (60) days to remedy or to commence and diligently thereafter to continue to remedy the default.

B. If the default is not cured within the said period, or, if the default is other than failure to make a money payment, such cure is not commenced and diligently continued within such period and thereafter, White Pass shall have the following rights:

(1) If Pattison has not delegated said

forfeiture

obligation under paragraph 13 hereof or the assignee of such obligation has not assumed the same, White Pass, at its option, without prejudice to any other remedies which it may have, may declare this Sublease forfeited and cancelled to the extent that it has not been assigned by Pattison and assumed by assignees, and may re-enter the premises to which such forfeiture and cancellation relate, with or without process of law, and shall not be liable for damages by reason of such re-entry, and the liability of Pattison for charges accrued hereunder prior to such forfeiture shall not be relinquished or extinguished, but such re-entry shall extinguish such charges for future periods;

(2) If Pattison has delegated said obligation and the assignee has assumed such obligation, then White Pass at its option, without prejudice to any other remedies which it may have, may declare this Sublease forfeited and cancelled as to the particular assignee or assignees involved, and all rights of occupancy and use of that portion of the Village Area theretofore held by such assignee or assignees forfeited and cancelled and may re-enter such portion of the Village Area with or without process of law, and shall not be liable for damages by reason of said re-entry and the liability of said assignee or assignees for any charges hereunder theretofore accrued shall not be relinquished or extinguished but such re-entry shall extinguish the liability for future periods of the particular assignee or assignees as to whom such portion of this Sublease has been forfeited and cancelled, but in no event shall Pattison be liable for the default of any assignee on any obligation fully assigned to and assumed by such assignee

provided, that Pattison and/or any other assignee or assignees of all or any part of Pattison's rights hereunder or the holder of any mortgage, lien or any other encumbrance affecting all or any part of any facility in the Village Area may, if otherwise entitled to do so, take appropriate action to cure a default and substitute itself for Pattison and/or an assignee.

C. In the event of re-entry as hereinabove provided, Pattison or his assignees as the case may be

shall have no further right, interest or title to the premises re-entered and said terms and all improvements thereon shall thereafter be the property of White Pass.

D. By its approval hereof, the Forest Service agrees that it will send a copy of every formal notice given by it advising White Pass of breach of any of the conditions in the Village Area Permit or of the termination or proposed termination of said Permit to each party having an interest in the Village Permit Area whose name and address shall have been furnished to the Forest Service in writing by Pattison on behalf of White Pass. Such names and addresses shall be furnished on complete dated lists referring to this clause and superseding all prior lists.

22. The failure of either party to insist upon strict performance of any of the covenants and agreements herein contained, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such or any other covenants or agreements, but the same shall be and remain in full force and effect.

23. Neither party shall be in default as to any obligation created hereby and no condition precedent or subsequent shall be deemed to fail to occur if such party is prevented from fulfilling such obligation by, or such condition fails to occur due to, forces beyond its reasonable control, including without limitation, destruction or impairment of facilities resulting from breakdown not resulting from lack of ordinary care and maintenance, flood, earthquake, slide, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, proceeding by court or public authority, or act or failure to act by court, public authority or uncontrolled third party, which forces by exercise of due diligence and foresight such party could not reasonably have been expected to avoid. A party rendered unable to fulfill any obligation by reason of forces beyond its reasonable control shall exercise due diligence to remove such inability with all reasonable dispatch. A condition which fails to occur due to such forces shall be deemed to be postponed for as long as such forces exist.

*should be
Ours*

*Just
Right
Pursuing*

24. In consideration of this Sublease, White Pass hereby grants to Pattison the continuing right, subject to Forest Service approval, at his option to purchase all or any part of the rights and interests of White Pass in the Village Area on the same terms and for the same price as any bona fide offer from a third party for all or any part of said Area which White Pass is willing to accept, and White Pass shall promptly notify Pattison of the terms of such offer, following receipt of which notice Pattison shall have thirty (30) days in which to exercise his right to purchase. Pattison's election not to meet the offer of any particular third party shall not affect his rights as to subsequent offers received by White Pass, its successors and assigns during the term of this Sublease.

25. Each party agrees to cooperate with the other in carrying out the purposes of this Sublease and in that connection to do all such things and execute all such documents as may be necessary to assist the other in performing its obligations hereunder, provided that the party requesting such cooperation shall reimburse the party so cooperating for the reasonable out-of-pocket expenses involved in so doing.

26. White Pass and Pattison hereby agree, for the benefit of Pattison's assignees:

(a) that no construction will be commenced in the Village Area other than that specifically required for 1966 completion by the Village Area Permit unless clause 17 of the Village Area Permit is first amended to cover the entire cost of the improvements being constructed;

(b) that if the Forest Service terminates the Village Area Permit, White Pass will use its best efforts to obtain the full compensation allowed by the Village Area Permit in respect to the improvements in the Village Area and will pay over any compensation for such improvements to the parties interested in such improvements as their interests may appear;

(c) that Pattison first, and in the event of his failure, then White Pass will take prompt action to prevent any forfeiture of the Village Area Permit by the default of any assignee of Pattison's or otherwise.

By its approval hereof, the Forest Service agrees that as

additional development is approved for the Village Area, it will agree to the amendment of clause 17 of the Village Area Permit to cover the entire cost of the improvements being constructed.

27. Compensation paid to Pattison for services as area manager or manager of any facility developed in the area, whether wages, salaries or commissions, are costs and do not constitute net sales or other income for purposes of calculating fees. The provisions of paragraph 23 hereof shall be applicable to the construction schedule in the Village Area Permit.

28. It is contemplated that this Sublease may be amended and supplemented from time to time with the prior approval of the Forest Service and as necessary or appropriate for the further development of the Winter Sports Area, the Village Area and the related areas.

29. White Pass hereby represents and warrants that it has no notice or knowledge of any encumbrance, building or use restriction except as to location of State highway right-of-way and except as contained in the Village Area Permit, claim or interest in any third party affecting the Village Area which would interfere with or disturb the quiet and peaceable possession, use and enjoyment of the Village Area by Pattison, and recognizes that this representation and warranty are of the essence to Pattison's acceptance of this Sublease.

30. No consent, approval or permission necessary or requested hereunder shall be unreasonably withheld.

31. This Sublease shall be construed and enforced in accordance with the laws of the State of Washington.

32. White Pass shall from time to time as reasonably requested by Pattison give to Pattison or his assignees written assurances that this Sublease is in full force and effect and that there is no breach thereof known to White Pass, if that is the case, and that the Village Area Permit is also in full force and effect and White Pass knows of no facts indicating that it will not remain in full force and effect, if that is the case.

33. Notices given hereunder shall be in writing and delivered by registered or certified mail to White Pass Company, Inc., P. O. Box 354, Yakima, Washington 98901, and

to Frank W. Pattison, P. O. Box 578, Bellevue, Washington 98004, or such other addresses as each of the parties may from time to time designate by notice to the other.

34. The provisions of the Village Area Permit are hereby made a part of this Sublease as if specifically set forth herein and Pattison agrees to comply therewith, as supplemented hereby. White Pass will promptly furnish to Pattison and to each of his assignees true copies of all amendments to the Village Area Permit, to the Winter Sports Area Permits, and all permits relating to surrounding areas held by White Pass and will also furnish Pattison and his assignees with true copies of all amendments to such permits. To the extent required by the Village Area Permit, this Sublease shall not be effective until it has received the prior approval of the United States Forest Service. White Pass will advise Pattison in writing promptly after such approval is obtained.



WHITE PASS COMPANY, INC.

By Cragg D. Gilbert
Cragg D. Gilbert, President

Alan Matson, Secretary

Frank W. Pattison
Frank W. Pattison

STATE OF WASHINGTON)
) ss.
COUNTY OF)

On this 18 day of September, 1964, before me personally appeared CRAGG D. GILBERT and ALAN MATSON, President and Secretary, respectively, of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and

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on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

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



NOTARY PUBLIC in and for the State of Washington, residing at Yakima

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me FRANK W. PATTISON, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 14th day of September, 1964.



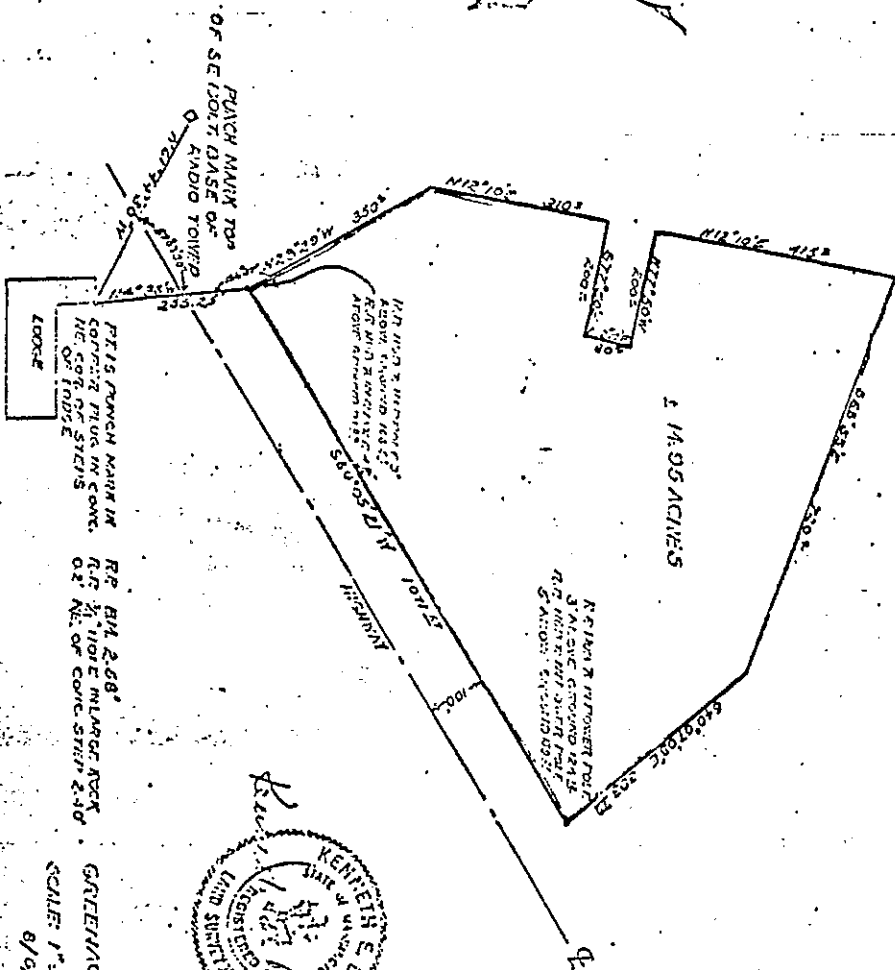
Lewis H. Rigdon Jr.
NOTARY PUBLIC in and for the State of Washington, residing at Seattle.

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EXHIBIT A

SPECIAL USE PERMIT AREA WHITE PASS VILLAGE



PLACED MAIN TOP OF SE 1/4 CORNER CASE OF RADIO TOWER
 PLACED CORNER MARK IN SE 1/4 CORNER CASE OF RR. B.M. 268
 GATEMECROSS INC.
 SCALE: 1" = 200'
 8/9/64

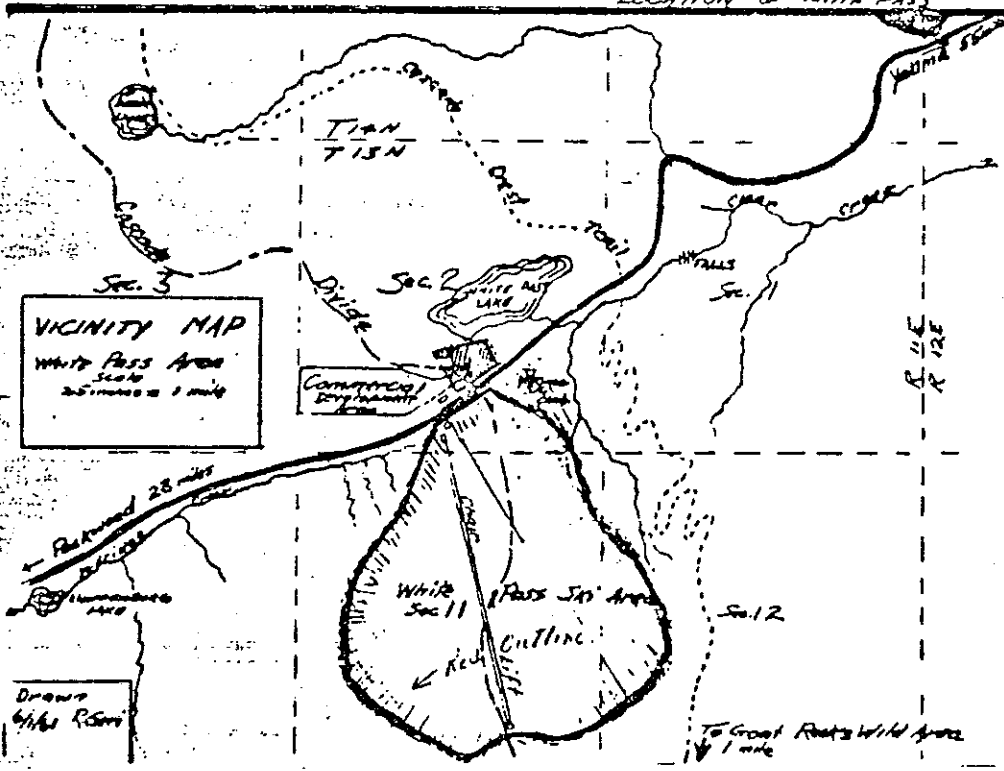
EXHIBIT A

Exhibit A-1

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KEY MAP
STATE OF WASHINGTON
SHOWING MAJOR HIGHWAYS
AND LOCATION OF WHITE PASS



VICINITY MAP
White Pass Area
Scale
25,000 or 1 mile

Drawn
Mike R. Som

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EXHIBIT B

LEGAL DESCRIPTION

White Pine Willow
Special Use Public Area

Beginning at a point set in a copper plug in the concrete
bottom step at the northeast corner of the driveway
entrance to the White Pine Willow area, said point being
to a punch mark on the top of the concrete curb, said
point in the center line of a public easement on the
east side of the State Highway Department's White Pine
Building, said easement being normally of approximately
width 150.0 feet as shown on State Highway Department
Drawing titled "White Pine State Highway No. 5, White Pine
Maintenance Area, Lewis County, Montana" dated October 8, 1953,
said back sight bearing being S14° 30' 00" west;
thence a right angle of 87° 05' 33", bearing north 4° 36'
west 253.35 feet to the point of beginning; thence a right
corner of the Special Use Public Area; thence a right
angle of 100° 37', bearing north 23° 29' west, 350.3 feet;
thence north 12° 10' east, 321.3 feet; thence south 77° 53'
east, 200.0 feet; thence north 12° 10' east, 33.5 feet;
thence north 77° 50' west, 200.0 feet; thence north 12° 10'
east, 415.0 feet; thence south 82° 53' east, 720.3 feet;
thence south 49° 07' 00" east, 1003.73 feet; thence south
88° 05' 21" west, 1071.67 feet more or less to the point
of beginning; last course being parallel to and 100 feet
north of the approved center line of Primary State
Highway No. 5; all situated in Section 2, Township 13 North,
Range 12 East, T.M. (unsurveyed), Yellowstone County, Montana,
and containing 14.33 acres, more or less. Exhibit attached.

Signed August 10,

Robert E. Salt

Robert E. Salt,
Licensed Land Surveyor,
Manager's Consulting Engineers,
GREENACRES, Inc.

NS

EXHIBIT "C"

Spki
WHITE PASS

July 31, 1964

Frank W. Pattison
P. O. Box 578
Bellevue, Washington 98004

Dear Mr. Pattison:

With reference to paragraphs 4 and 5 of our sublease to you of the Village Permit Area at White Pass, we will provide convenient sewer and water mains as required by said paragraphs and at such points as shall be designated, from time to time when needed, by our representative and yours.

For the initial development in the Village Area and until further notice, our representative for the above purpose will be Robert P. Lewis whose address is Cook-Lewis Company, Box 1393, Yakima, Washington, and whose telephone is AC 509, CH 8-4851. We understand that your representative for the time being is William J. Bain, Jr., whose address is 904 Seventh Avenue, Seattle, Washington 98104, and whose telephone is AC 206, MAIn 2-7600.

If the foregoing is agreeable, please so indicate below.

Very truly yours,

WHITE PASS COMPANY, INC.

By *N. A. Bennett*
Nelson A. Bennett
General Manager

Agreed:

F. W. Pattison
Frank W. Pattison

Exhibit "C" to Sublease