

APPENDIX 1

FrontStreet Mountain Development, LLC
"Ski Bowl Village at Gore Mountain"
P.O. Box 142
Darien, CT 06820

September 4, 2007

Mr. William Thomas
Supervisor - Town of Johnsburg
P.O. Box 7
North Creek, NY 12853

Letter Agreement - North Creek Fire District Matters

Dear Bill:

Please refer to our recent discussions regarding the requirements of the North Creek Volunteer Fire Department. This letter will serve to confirm our agreements on this subject, as contained in the FrontStreet APA NIPA One response and the related Town letter to the APA dated September, 2006, as follows:

FSMD agrees to provide the funds needed for the purchase of a ladder truck and pay for the construction of the garage associated with housing the new ladder truck and equipment, and associated training for use of the equipment. These funds would be triggered by the NCVFD's review of the "approved stamped" architectural drawings for a FSMD building determined to be beyond the capabilities of the current NCVFD's equipment. A FrontStreet building is any building on the current FrontStreet property (including lands that may be acquired from the Town). These drawings are to be reviewed the same month they have been approved for construction. This assumes it will take about as long to get the equipment as to complete construction of the building that triggers the need for it.

FSMD will immediately assist the NCVFD in applying for grants for a fully equipped ladder truck and associated garage housing. Further, FSMD will pay for the services of a professional grant writer to assist in drafting the applications for such grants.

FSMD funds will equate to the difference between the cost of the ladder truck and associated garage housing and any grants obtained by NCVFD.

In the event an unrelated party in the NCVFD fire district proposes a project that requires ladder truck support, then the Town of Johnsburg will take reasonable efforts to require that party to share in the funding. This agreement will be binding on any future owner of this site and any other site in the NCVFD district.

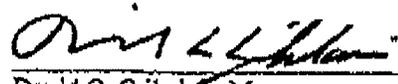
SEP-14-2007(FRI) 10:19 Gore Mountain Administration (FAX)518 251 5171
Rx Date/Time SEP-14-2007(FRI) 09:55 5870180
09/14/2007 10:04 FAX 5870180 → GORE MTN.
09/14/2007 07:47 5182519991 TOWN OF JOHNSBURG
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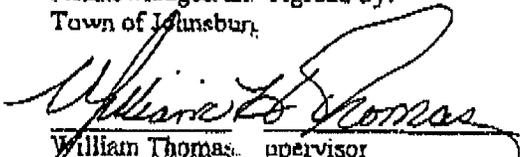
The express intention of this agreement is that the subject equipment will come at no cost whatsoever to the Town of Johnsburg or the Fire District or Taxpaying members of the District.

This Letter Agreement will serve as our joint acknowledgement of our mutual agreements on this subject.

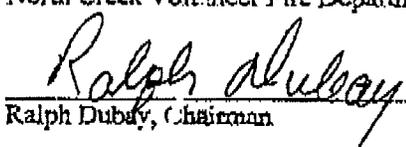
Acknowledged and Agreed by:
FrontStreet Mountain Development, LLC


David C. Crickelair, Manager

Acknowledged and Agreed by:
Town of Johnsburg


William Thomas, Supervisor

Acknowledged and Agreed by:
North Creek Volunteer Fire Department


Ralph Dubay, Chairman

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DEC 3 1 2007

MEMORANDUM OF UNDERSTANDING – WASTE WATER

Pioneer Environmental Assoc.

This Memorandum of Understanding ("MOU") is dated as of February 13, 2007 between The Town of Johnsbury, a municipal corporation organized under the laws of the State of New York with an address of PO Box 7, North Creek, New York, 12853 ("Johnsbury") and FrontStreet Mountain Development, LLC, a Delaware limited liability company with an address of PO Box 142, Darien, CT 06820 ("FSMD"). Johnsbury and FSMD are each referred to herein as a "Party" and are collectively referred to as the "Parties".

WHEREAS, FSMD is owner of certain property located in the Town of Johnsbury to be developed into a residential and hotel complex known as the Ski Bowl Village at Gore Mountain containing private homes, townhouses, hotels and related recreational activities (the "Project") FSMD has an application pending before the Adirondack Park Agency ("APA") which calls for the Project to be developed in phases over a 2 to 10 year period;

WHEREAS, Johnsbury and FSMD place significant importance on developing an appropriate waste water plan for the Project and for Johnsbury;

NOW THEREFORE, in consideration of the foregoing and the terms and agreements set forth herein, the Parties agree as follows:

1. **PURPOSE OF THIS MOU** This MOU is intended to summarize the intents of the parties regarding the waste water requirements of the public ski lodge facility to be constructed in the location specified on the approved Johnsbury Town Park Plan, a copy of which is attached as Schedule A ("Ski Hut").
2. **WASTE WATER TREATMENT SYSTEM.** FSMD intends to implement a sand filtration system and pipeline system to manage the Projects waste water requirements as the phased development occurs ("System"). At some stage in the Project development, FSMD intends to form a transportation corporation to build, own and manage a waste water treatment plant and system designed to process the waste water from the Project ("Plant").
3. **PUBLIC SKI LODGE WASTEWATER.** In the event Johnsbury permits the construction of the Ski Hut and FSMD causes the System and / or Plant to be built, FSMD agrees that it will allow the Ski Hut, subject to reasonable notice prior to startup, to discharge up to 12,000 gallons per day of waste water into the Projects System or Plant ("Ski Hut Volumes")
4. **COST OF SKI HUT CONNECTION.** FSMD will connect the Ski Hut to the FSMD System at no cost to the operator, be it Johnsbury or the Olympic Regional Development Authority ("ORDA") per its Operating Agreement

with Johnsburg.

5. **COST OF SKI HUT WASTE WATER PROCESSING.** FSMD will process Ski Hut Volumes in the Project System and Plant at no cost to the Town or ORDA. Furthermore, when FSMD forms a transportation corporation to own and manage the Plant, the processing of the Ski Hut Volumes will be at no cost to the Town or ORDA.

6. **SEPTIC TANK MANAGEMENT PLAN.** FSMD will also permit the Town to discharge waste water from a Town sponsored "Septic Tank Management Plan", in the event the Town establishes such a program to benefit the community of Johnsburg. Volumes from a Septic Tank Management Plan may be discharged into the Project Plant during the non-winter months with the understanding that such volumes will count as Ski Hut Volumes.

7. **OTHER PROVISIONS.**

- a. **COMPLETE AGREEMENT.** This Agreement supersedes all prior oral or written agreements and understandings between the Parties relating to the subject matter hereof and cannot be changed unless mutually agreed upon in writing by both Parties.
- b. **ENFORCEABILITY.** In the event any provision of this MOU is found to be legally unenforceable, such unenforceability shall not prevent the enforcement of any other provision.
- c. **NO WAIVER.** The failure by any Party to insist upon strict performance of any of the provisions contained in this MOU shall not be deemed a waiver of such Party's rights under that or any other provisions hereof.
- d. **APPLICABLE LAW.** This MOU shall be governed by and construed in accordance with the laws of the State of New York.
- e. **GOOD FAITH.** Each of the Parties agrees to act in good faith in respect to the performance of its duties and obligations hereunder.

IN WITNESS WHEREOF, the Parties have duly executed this MOU as of the day and year first written above.

FRONTSTREET MOUNTAIN DEVELOPEMNT, LLC

By: 
David C. Crikelair, Manager

TOWN OF JOHNSBURG

By: 
Name: William Thomas, Johnsburg Supervisor

WATER MEMORANDUM OF UNDERSTANDING

THIS WATER MEMORANDUM OF UNDERSTANDING ("Agreement") is dated as of November 3, 2006 between THE NORTH CREEK WATER DISTRICT, a not-for-profit corporation organized under the laws of the State of New York with an address of Town Hall, North Creek, New York ("NCWD"), and FRONTSTREET MOUNTAIN DEVELOPMENT, LLC, a limited liability company organized and authorized pursuant to the laws of the State of Delaware with an address of P.O. Box 142, Darien, CT 06820 ("FSMD"). NCWD and FSMD are sometimes referred to individually as a "Party" and collectively as the "Parties".

WHEREAS, FSMD is owner of certain property located in the Town of Johnsburg to be developed into a residential and hotel complex known as the Ski Bowl Village at Gore Mountain containing private homes, townhouses, hotels and related recreational activities (the "Project"). FSMD has an application pending before the Adirondack Park Agency ("APA") which calls for the Project to be developed in phases over a 2 to 10 year period;

WHEREAS, the NCWD is responsible for water district system and operations of the North Creek water district ("Water District");

WHEREAS, the Project is within the North Creek Water District boundary and the NCWD will allow the Ski Bowl Village at Gore Mountain Project to receive water from the North Creek Water District upon completion by FSMD of the line connecting the project to the North Creek Water District line and the offering of the line to NCWD, this approval being contingent upon FSMD constructing and testing the connecting line to the approval of the Water District Superintendent and subsequently obtaining all other necessary approvals, recognizing that such actions will be completed in phases as the project is developed and the water needs increase;

WHEREAS, NCWD and FSMD have agreed that any necessary upgrades to the water district supply or distribution system to service the Project will be completed at no cost to the Town of Johnsburg ("Town") or the NCWD;

WHEREAS, NCWD and FSMD place significant importance on the water system and water supply for the NCWD;

NOW THEREFORE, in consideration of the foregoing and the terms and agreements set forth herein, the Parties agree as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is intended to summarize the intents of the parties regarding the NCWD water supply, the Project's water system and other water matters associated with the Project.

2. **APPROVALS.** NCWD will participate in the review of the wells and system, monitor the installation of the well and review the final plan and all connections to current or future water lines of NCWD. NCWD will cooperate in good faith and use its best efforts to facilitate the timely approval and installation of the wells and system.

3. **NCWD COMPENSATION.** NCWD will be compensated by FSMD for the reasonable cost of design review, construction oversight, administrative, and legal costs associated with the Project water system. The payment of such compensation will be an

obligation of the Project. This compensation is above and beyond cost of well design, location, construction and connection of wells described below.

4. **PERMITS.** FSMD and NCWD will use their best efforts and cooperate in the application to the New York State Department of Health ("NYSDOH") and Department of Environmental Conservation ("DEC") for a service area extension permit for the Project water system, as well as for any other state permits necessary for the water system.

5. **WARRANTIES.** All warranties obtained by FSMD for the system will be transferred to NCWD upon acceptance of the system.

6. **OPERATING COSTS.** FSMD will provide an estimate of Operation and Maintenance costs and will demonstrate how the Project will adequately cover its share of incremental operating costs to the NCWD system.

7. **WELL NUMBER 4.** FSMD will replace Well Number 4 within a total budgeted cost of \$140,000 and have it operational and connected to the NCWD system within the timetable described below, but no later than June 1, 2007. The well replacement will be a gravel pack well, the specifications of which will be subject to approval by NYSDOH and NCWD, which NCWD will not unreasonably withhold, and Delaware Engineering Company or such other engineering consultant as may be chosen by FSMD ("Replacement Well Number 4"). The location of the Replacement Well Number 4 will be near the current well, with the exact location to be determined by FSMD and approved by the NYSDOH and NCWD. All such work shall be done in accordance NYSDOH guidelines and be reviewed by NCWD. It is anticipated that the well shall yield 150,000 gallons of water per day, of which the Project shall have the right to use 35,000 gallons per day for its initial phases of development and 25,000 gallons for future growth. If Replacement Well Number 4 yield is less than 150,000 gallons per day, then the Project's share shall be reduced pro rata with other users. If Replacement Well Number 4 yield is greater than 150,000 gallons of water per day, it is further agreed that the Project shall have the right to use all available water production in excess of the 150,000 gallons per day, however PVTH may use 2/7 of the excess if the PVTH project requires it. It is understood that the NCWD, in establishing excess capacity, must meet peak demand of the water system with the largest well out of service.

NCWD, the Town and FSMD will cooperate to enable the Peaceful Valley Town House Project ("PVTH") to obtain water from the NCWD system in exchange for a payment to FSMD of \$40,000 to offset a portion of the drilling costs, this payment being mandatory if PVTH connects to the NCWD system. The cost will be shared by FSMD and PVTH on a 5/7 and 2/7 basis with caps for FSMD of \$100,000 and \$40,000 for PVTH. PVTH will deposit \$40,000 into a bank escrow account which may be drawn on by FSMD for payment of the well costs upon presentation of signed invoices for work performed which are due for payment.

FSMD agrees to complete well milestones within the following timeframe, starting from date of this Agreement: (a) Finalize plan and seek NYSDOH approval of well location within 30 days; (b) after receipt of NYSDOH approval, drill and develop well within 45 days; (c) send well test report to NYSDOH within 15 days after completion of well development; and (d) connect to system within 30 days of NYSDOH approval of well connection.

8. **ACCEPTANCE OF WATER SYSTEM.** FSMD will allow the NCWD to review and comment on each phase of the Project, as part of the NCWD acceptance of each phase of the system improvements. The review of each phase shall include a written report and a presentation

to NCWD by FSMD or its agents. The NCWD will have 30 days to review each milestone and must respond in writing if there are any outstanding issues or exceptions. The milestones for each phase will be as follows: (1) construction drawings, (2) 50% of construction, (3) at construction completion. The purpose of the progress review of the improvements and acceptance of each phase into the water district is to mitigate any issues prior to the NCWD final acceptance of the water systems components into the water district.

9. OPERATION OF SYSTEM. The North Creek water District will have full authority to operate the system for the benefit of the entire Water District for supply, distribution and fire protection, as well as for all other water system functions.

10. EASEMENTS. FSMD will grant to NCWD appropriate and necessary easements to access and maintain the system prior to acceptance by the Town. All easements language will have to be approved by the Town in advance. The guideline for easements will be 15' width for single line easements and 20' width for Water/sewer line easements.

11. WELL NUMBER FIVE. In accordance with the terms and conditions already agreed to by FSMD and the Town of Johnsbury in the Master Purchase and Sale Agreement between those parties dated November 3, 2005, the relocation and cost of Well Number 5 shall be the responsibility of FSMD. This will include: engineering, testing, sampling, investigation of casing, screens, well house, etc. subject to the review of NCWD. Well Number 5 may be completed by FSMD, subject to the approval of NCWD. Well Number 5 needs to be operational prior to the start of construction of the hotel to be located on Parcel B. Well Number 5 will be located on Town of Johnsbury property in one of the four locations marked on Schedule 1 attached hereto, which are hereby pre-approved by the NCWD, subject to the provision that any well in the town park will have no structure above ground and will be connected to a well house not in the town park. NCWD represents that it has already obtained the approval for these well locations from the Town of Johnsbury. The parties will cooperate in the effort to minimize the costs of drilling, testing and connecting the new well. It is the responsibility of FSMD to provide at least 75 gallons per minute to replace well Number 5. This should be established by a 24 hour pump test or as required by DOH. FSMD will have the right to use any water production in excess of 75 gallons per minute. It is understood that NCWD must meet peak demand of the water system with the largest well out of service.

12. WELL NUMBER SEVEN. In the event it is determined by the NYSDOH that the NCWD system requires an additional well to support the FSMD Project, FSMD will be responsible for the well costs and will have the right to use any water production from this well. The total cost of well shall, include engineering, testing, sampling, investigation of casing, screens, well house, etc. Well Number 7 may be completed by FSMD, subject to the approval of NCWD. Well Number 7 will be located on Town of Johnsbury property in one of the four locations marked on Schedule 1 attached hereto, which are hereby pre-approved by NCWD, subject to the provision that any well in the town park will have no structure above ground and will be connected to a well house not in the town park. NCWD represents that it has already obtained the approval for these well locations from the Town of Johnsbury. The parties will cooperate in the effort to minimize the costs of drilling, testing and connecting a well at each location.

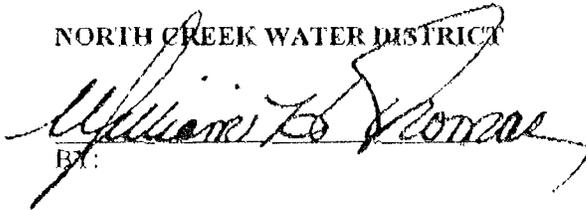
13. OTHER CONDITIONS. FSMD funding obligations under Section 7 herein are contingent upon the Town's compliance with its obligations under the Master Agreement and other agreements with FSMD.

14. OTHER PROVISIONS.

- a. **TERM.** This Agreement shall continue until execution and delivery of the definitive documents contemplated under Section 1, above.
- b. **COMPLETE AGREEMENT.** This Agreement supersedes all prior oral or written agreements and understandings between the Parties relating to the subject matter hereof and cannot be changed unless mutually agreed upon in writing by all Parties.
- c. **ENFORCEABILITY.** In the event any provision of this Agreement is found to be legally unenforceable, such unenforceability shall not prevent the enforcement of any other provision.
- d. **NO WAIVER.** The failure by any Party to insist upon strict performance of any of the provisions contained in this Agreement shall not be deemed a waiver of such Party's rights under that or any other provisions hereof.
- e. **APPLICABLE LAW.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.
- f. **INSURANCE.** FSMD and its agents will provide to the Town appropriate insurance certificates in accordance with normal Town operating requirements.
- g. **GOOD FAITH.** Each of the Parties agrees to act in good faith in respect to the performance of its duties and obligations hereunder.

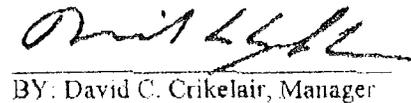
IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first written above

NORTH CREEK WATER DISTRICT



BY: William E. Thomas

FRONTSTREET MOUNTAIN DEVELOPMENT, LLC



BY: David C. Crikelair, Manager