

EXHIBIT H

NYCDEP expects to enter into separate agreements with Crossroads and with NYSDEC to accept the wastewater generated by the project at its Pine Hill Wastewater Treatment Plant (WWTP) and the Bellearye Mountain Ski Center. Set forth below are: (A) the expected terms of such agreements; (B) conditions that must be resolved prior to the NYCDEP's entering into the agreements; and (C) a draft letter associated with one of the conditions set forth in Section (B).

A. ANTICIPATED TERMS FOR AGREEMENTS UNDER WHICH NYCDEP WILL ACCEPT WASTEWATER AT THE WWTP.

Terms for Agreement with Crossroads

- 1) Limitations on Connections to the WWTP
 - a) The right to connect to the sewer line is limited to the structures designated in the drawings depicting the layout for the modified project plan/lower impact alternative proposal, Exhibits A and C, as they may be adjusted and designed in accordance with this Agreement in Principle.
 - b) The flow from the Crossroads Project is limited to a monthly average daily flow 195,000 gpd.
- 2) Financial Arrangements
 - a) Sewerage Fees:
 - i) The annual sewerage fee for the Crossroads Ventures Project will be the actual average daily flow rates from the Project, calculated on an annual average basis, multiplied by \$1.43 per gallon per day (the "per gallon day rate").
 - ii) Crossroads' payment for sewerage fees for the period beginning when the Crossroads collection system is connected to the Pine Hill collection system and declared functional and ending on the following December 31 ("Initial Payment Period") will be pro-rated, calculated by multiplying (a) the total actual flow during the Initial Payment Period divided by the number of days in the Initial Payment Period, multiplied by (b) \$1.43 per gallon per day multiplied by the number of days in the Initial Payment Period and divided by 365.
 - iii) Payment will be due no later than January 31 of each year after the commencement of the Initial Payment Period, and must be accompanied by documentation of the actual flows during the the Initial Payment Period or previous calendar year, as the case may be, and the calculations used to

determine the amount of payment.

- iv) The per gallon per day rate beginning with the fourth year after connection shall be adjusted annually to reflect the rate of inflation or deflation, based on a rolling three-year average of the previous three years' Consumer Price Index or its successor.
- b) Capital Costs: Crossroads is solely responsible for the entire capital cost of designing, constructing and installing the pump station(s), pipeline and other facilities needed to make the connection from Crossroads to the WWTP, including without limitation the costs of any easements across third party property, the costs of excavation, and the costs of restoring or repairing any public roads or rights of way. If any Pine Hill collection system existing infrastructure is used and as a result needs to be modified or expanded, Crossroads Ventures will be responsible for the costs thereof.
- c) Ownership/O&M: With the exception of the equalization tank discussed below, the pump station(s), pipeline and other facilities associated with the connection will be the property of Crossroads (and its successors) and Crossroads (and its successors) will be responsible for all costs of operation, maintenance, and future repair or replacement as necessary of those facilities, and compliance with any applicable permits.
- d) Flow Equalization and Inflow/Infiltration:
 - i) Crossroads will bear the costs of engineering and construction of an equalization tank, the purpose of which is to ensure that the Crossroads project will not exacerbate flows to the Pine Hill WWTP during wet weather periods when the existing Pine Hill collection system is subject to excessive I&I. As such, the equalization tank will be designed to accommodate two days Crossroads Project permitted flow (195,000 gpd x 2 days = 390,000 gallons) plus potential infiltration into the Crossroads collection system and the sewer line from Crossroads to the WWTP equating to 100 gallons per inch of pipe diameter per mile per day (9 L/mm of pipe diameter kmd per Ten States Standards Section 33.94).
 - ii) Crossroads' obligation is for the design and construction of an equalization basin, designed in accordance with Ten States Standards Chapter 65 (Flow Equalization), at the WWTP site (with the understanding that, if such design is used solely for determining the amount of a financial contribution from Crossroads, the design need not accommodate any site-specific conditions or limitations at the WWTP site that would increase the cost of the tank). Such a tank would be the property of NYCDEP, which would operate and maintain it.
 - iii) In the event the City elects to build an equalization tank to equalize flows from the Crossroads Project as well as from the existing Pine Hill collection system at the Pine Hill WWTP, Crossroads may satisfy this condition by

paying the City an amount equal to the cost for Crossroads to design and construct the equalization tank described herein. Crossroads will prepare engineering plans in sufficient detail for a conceptual regulatory review and to generate an engineering and construction cost estimate and that estimate will be used to determine the cost of this obligation.

- 3) Operation and Maintenance: NYCDEP shall have the right, upon reasonable notice, to inspect all pipe lines, pump stations, grease traps, and other appurtenances to the sewer connections to the Crossroads Project.
- 4) Agreement Is Not Precedent: The agreement between NYCDEP and Crossroads is not intended, nor can it be relied upon, to create any rights enforceable by any person or entity, whether or not a party to such agreement, in any request for connection, application, adjudication, litigation or other proceeding with the NYCDEP. The agreement does not constitute a change or interpretation of any policies, guidance, or requirements of NYCDEP with regard to out-of-district connections to Pine Hill or any other NYCDEP-owned WWTP in the watershed.

Terms for Agreement with NYSDEC

- 1) Limitations on Connection to the WWTP: The flow to the WWTP from the Belleayre Mountain Ski Center, including both flows from existing structures served by the WWTP and from structures to be connected to the WWTP in the future, is limited to 60,000 gpd.
- 2) Financial Arrangements
 - a) Capital Costs: NYSDEC is solely responsible for the entire capital cost of designing, constructing and installing the pump station(s), pipeline and other facilities needed to make any new connections from the Belleayre Mountain Ski Center to the WWTP, including without limitation the costs of improving or expanding existing sewer lines to accommodate the additional flow, the costs of any easements across third party property, the costs of excavation, and the costs of restoring or repairing any public roads or rights of way.
 - b) Ownership/O&M: With the exception of the equalization tank discussed below, the pump station(s), pipeline and other facilities associated with the connection to the Belleayre Mountain Ski Center will be the property of NYSDEC and NYSDEC will be responsible for all costs of operation, maintenance, and future repair or replacement as necessary of those facilities, and compliance with any applicable permits.
 - c) Flow Equalization and Inflow/Infiltration:
 - i) NYSDEC will bear the costs of engineering and construction of an

equalization tank, the purpose of which is to ensure that the wastewater flows from any expansion of the Belleayre Mountain Ski Center that may be approved and implemented (“Expansion”) will not exacerbate flows to the Pine Hill WWTP during wet weather periods when the existing Pine Hill collection system is subject to excessive I&I. As such, the equalization tank will be designed to accommodate the expected peak daily flow of 180,000 gallons from the Expansion plus potential infiltration into the collection system equating to 100 gallons per inch of pipe diameter per mile per day (9 L/mm of pipe diameter km/d per Ten States Standards Section 33.94).

- ii) NYSDEC’s obligation is for the design and construction of an equalization basin, designed in accordance with Ten States Standards Chapter 65 (Flow Equalization), at the WWTP site (with the understanding that, if such design is used solely for determining the amount of a financial contribution from NYSDEC, the design need not accommodate any site-specific conditions or limitations at the WWTP site that would increase the cost of the tank). Such a tank would be the property of NYCDEP, which would operate and maintain it.
 - iii) In the event the City elects to build an equalization tank to equalize flows from the Expansion as well as from the existing Pine Hill collection system at the Pine Hill WWTP, NYSDEC may satisfy this condition by paying the City an amount equal to the cost for NYSDEC to design and construct the equalization tank described herein. NYSDEC will prepare engineering plans in sufficient detail for a conceptual regulatory review and to generate an engineering and construction cost estimate and that estimate will be used to determine the cost of this obligation.
- 3) Operation and Maintenance: NYCDEP shall have the right, upon reasonable notice, to inspect all pipe lines, pump stations, grease traps, and other appurtenances to the sewer connections to the the Belleayre Mountain Ski Center.
- 4) Agreement Is Not Precedent: The agreement between NYCDEP and NYSDEC is not intended, nor can it be relied upon, to create any rights enforceable by any person or entity, whether or not a party to such agreement, in any request for connection, application, adjudication, litigation or other proceeding with the NYCDEP. The agreement does not constitute a change or interpretation of any policies, guidance, or requirements of NYCDEP with regard to out-of-district connections to Pine Hill or any other NYCDEP-owned WWTP in the watershed.

B. CONDITIONS THAT MUST BE MET BEFORE NYCDEP WILL ENTER INTO THE AGREEMENTS DESCRIBED ABOVE.

- 1) Sewer Use Regulations: The Crossroads sewerage systems will be privately constructed, owned and operated. As such, a Transportation Corporation will be formed for the purpose of ownership of sewerage infrastructure and related assets and the Transportation Corporation will be the permittee on any required SPDES permit

for the collection system. Crossroads may not connect the Project to the Pine Hill WWTP unless and until the Town of Shandaken consents to incorporation of the Transportation Corporation and such consent includes Sewer Use Regulations specific to the Project at least as stringent as the DEC Model Sewer Use Ordinance and that grants authority to DEP to enforce the terms and conditions of the regulations, in the event the Town fails or refuses to enforce such provisions.

- 2) Crossroads will use best efforts to secure commitments, in substantially the form of the letter set forth below as Section (C), from the Coalition of Watershed Towns, and Delaware and Ulster Counties, that they will not seek to introduce this agreement as precedent for any other out-of-district connections to Pine Hill or any other NYC WWTP in the watershed.

C. DRAFT NO-PRECEDENT LETTER.

[date]

New York City Department of Environmental
Protection
59-17 Junction Boulevard, 19th Floor
Flushing, New York 11373
Attention:

Re: City of New York (City) / New York City Department of Environmental
Protection (DEP) / Crossroads Project / Connection to Pine Hill
Wastewater Treatment Plant

Dear Sirs:

We understand that the City, along with other interested parties, has been engaged in discussions chaired by the Office of the Governor on the future of the proposed Belleayre Resort at Catskill Park project, also known as “Crossroads” (Project). We further understand that the purpose of these discussions is to determine whether agreement can be reached on modifications to the Project which will eliminate certain objections raised during the environmental review of the Project and the NYSDEC issues conference associated with draft permits prepared for the Project.

We have been advised by the developer of Project, Crossroads Ventures LLC, that one of the items it seeks, in consideration of making certain modifications to the Project, is the granting of permission by the City for the Project to be connected to the City-owned, DEP-operated Pine Hill Wastewater Treatment Plant (Pine Hill WWTP), so that sanitary sewage from the Project would be treated and discharged at that facility.

We have been further advised by the developer that the Project property lies completely outside of the boundaries of the former Village of Pine Hill, which constitute the boundaries of the service area set out in the August 1925 Agreement between the City and such former Village, pertaining to the construction of the Pine Hill WWTP.

This letter will confirm our agreement as follows:

1. We understand that the City views the Project property as “out of district” and therefore not entitled to connect to the Pine Hill WWTP except in the City’s discretion and with its prior consent. We further understand that the City takes a similar position with regards to its other wastewater treatment plants (WWTPs) in the New York City Watershed; namely, that property owners outside of the district or service area set out in the agreement calling for construction of the subject WWTP are not entitled to connect to such WWTP except in the City’s discretion and with its prior consent. We do not agree with the City’s position on this issue and this letter should not be construed as signifying our agreement with, or waiving any objection which we have or might assert with respect to, that position.
2. Notwithstanding Paragraph 1 above, in order to help facilitate an agreement of the parties with respect to the future of the Project, and to induce the City to consent to a connection from the Project to the Pine Hill WWTP, we agree as follows:

If the City consents to such a connection from the Project to the Pine Hill WWTP, we (i) acknowledge that such consent is given within the context of an overall settlement of certain outstanding issues pertaining to the Project and not as a concession or admission by the City that the Project has any right to such a connection; and (ii) agree that the granting of such consent shall not in any way constitute a binding precedent on the City in connection with any other property owner who seeks a connection to a City-owned WWTP. In furtherance of clause (ii) of the preceding sentence, we agree not to assert, in any claim, controversy, action or proceeding involving any other property owner who seeks to connect to a City-owned WWTP, but who is deemed to be “out of district” by the City and therefore ineligible for a connection, that the City has waived its above-stated position regarding “out of district” connections by virtue of having consented to a connection from the Project to the Pine Hill WWTP.

The undersigned represent and warrant that this letter has been duly authorized by their respective governing bodies and executed by their duly authorized representatives.

Yours truly,