

RIVER RUN ANNEXATION AND DEVELOPMENT AGREEMENT

By and Between

CITY OF KETCHUM

And

SUN VALLEY COMPANY

Exhibit I Vegetation Management Plan/Agreement

Prepared for: Sun Valley Company
1 Sun Valley Road
Sun Valley, ID 83353

Prepared by: Design Workshop, Inc.
1390 Lawrence Street
Suite 200
Denver, CO 80204

July 9, 2010

Exhibit I - Vegetation Management Agreement

VEGETATION MANAGEMENT AGREEMENT

THIS VEGETATION MANAGEMENT AGREEMENT, including Exhibits X and Y attached hereto and incorporated herein by this reference (this “**Agreement**”), is made and entered into as of the _____ day of _____, 2010, by and between **SUN VALLEY COMPANY**, a Wyoming corporation authorized to do business in the state of Idaho (“**Owner**”), and **CITY OF KETCHUM, IDAHO**, a municipal corporation, (“**Ketchum**”)

RECITALS

WHEREAS, certain real property owned by Owner and known as the River Run Property has been or will be annexed into Ketchum.

WHEREAS, certain building setbacks from the Big Wood River, as detailed in the River Run Annexation and Zoning Application, Application Addendums, the River Run Annexation and Development Agreement, Annexation and Zoning Conditions and PUD Conditions, will be applied to the River Run Property.

WHEREAS, it is desirable to regularly manage vegetation within certain areas of the Big Wood River setbacks depicted on Exhibit 1 hereto (the “**Management Areas**”) in the manner described herein, so as to enhance access to and views of the river.

WHEREAS, it is desirable to regularly manage dead and dying trees and tree limbs throughout the Trail Creek riparian setback depicted on Exhibit 2 hereto (the “**Additional Management Areas**”)

WHEREAS, Ketchum desires to allow Owner, or its assigns, to manage the vegetation in the Management Areas and Additional Management Areas in the manner described herein.

NOW THEREFORE, in consideration of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is freely acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Authority. Subject to the terms and conditions of this Agreement, Owner and/or its independent contractors shall be authorized to enter Management Areas no more than two times per year for the purpose of planting, pruning, trimming, thinning, and, with required permits, removal of grasses, shrubbery and trees (collectively the “**Maintenance Activities**”). In addition, Owner and/or its independent contractors shall be authorized to enter the Additional Management Areas no more than one time per year for the purposes of limbing and trimming dead and dying tree branches and removing dead trees (the “**Additional Maintenance Activities**”). Notwithstanding the foregoing, this Agreement shall not be interpreted to require Owner to provide said services, and the provision of the same shall be at the sole discretion of Owner.

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2. Work Conduct. All waste materials (i.e. branches, logs, etc. from the pruning operations) shall be removed from the work site within 48 hours. Owner and/or its independent contractors shall maintain the work site in a tidy condition free from the accumulation of waste and debris. No pesticides or fertilizers shall be used in the Management Areas or Additional Management Areas without the prior consent of Ketchum.

3. Cost. Owner acknowledges and agrees that all work is to be undertaken and completed at the sole expense of the Owner. All agreements for payment shall be between the Owner and its independent contractors and Owner and/or its independent contractors shall receive no compensation, remuneration, or reimbursement from Ketchum.

4. Conservation Easement. Both parties acknowledge that portions of the Management Areas or Additional Management Areas may be located within areas covered by a conservation easement agreement between the parties and that Owner shall not be restricted by such conservation easement from performing the Maintenance Activities or the Additional Maintenance Activities.

5. Assignment. The authority granted to Owner in this agreement may be assigned in whole or in part to future River Run property owners, to a non-profit organization or to one or more future River Run homeowner associations.

6. Modification. This Agreement may only be modified, amended or changed, in whole or in part, by way of a written agreement, executed by both parties with the same formalities as this Agreement.

7. Integration. This Agreement represents the entire, integrated agreement between the Owner and Ketchum with respect to the matters set forth herein and hereby supersedes any and all prior negotiations, representations, agreements or arrangements of any kind with respect to those matters, whether written or oral.

8. Severability. If any clause or provision of this Agreement is adjudged invalid and/or unenforceable by a court of competent jurisdiction or by operation of any law, such clause or provision shall not affect the validity of this Agreement as a whole, but shall be severed herefrom, leaving the remaining Agreement intact and enforceable.

9. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Idaho.

10. Headings for Convenience Only. The headings, captions and titles contained herein are intended for convenience and reference only and are not intended to construe the provisions hereof.

11. Persons Interested Herein. Nothing expressed or implied in this Agreement is intended confer upon, or give to, any third person or entity that is not a party hereto any right, remedy, or claim hereunder. All of the covenants, terms, conditions, and provisions of this Agreement exist for the sole and exclusive benefit of the Owner and the Independent Contractor.

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12. Notices. Except as otherwise provided herein, all notices or payments given under this Agreement must be made in writing and shall be hand delivered, sent by Certified U.S. Mail with return receipt requested, sent via First Class U.S. Mail, or sent via facsimile to the following addresses:

Notices to the Owner:

With a copy to:

Notices to Ketchum

With a copy to:

All notices or documents delivered or required to be delivered under the provisions of this Agreement shall be deemed received one (1) day after hand delivery, or three (3) days after deposit with the United States Postal Service, prepaid first class mail. Either Owner or Ketchum may change the address to which future notices shall be sent by written notice, delivered as set forth above.

13. Non-Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein. No waiver of any default hereunder shall be deemed to constitute a waiver of any subsequent default hereunder.

14. Binding Agreement. This Agreement shall inure to, and be binding upon, Owner and/or Ketchum, their respective successors, assigns, and legal substitutes.

15. Negotiated Provisions. This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being acknowledged that each Party has contributed substantially and materially to the preparation of this Agreement.

16. Entire Agreement. This Agreement contains the complete and entire agreement between the Parties respecting negotiations, agreements, representations and understandings, if any, between the Parties respecting such matters.

17. Counterpart Execution. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, Owner and Ketchum as of the day and year first above written.

Ketchum:

CITY OF KETCHUM

By: _____

ATTEST:

Owner:

SUN VALLEY COMPANY

By: _____

ATTEST:

220547-1

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Exhibit 1 - Management Areas

Big Wood River

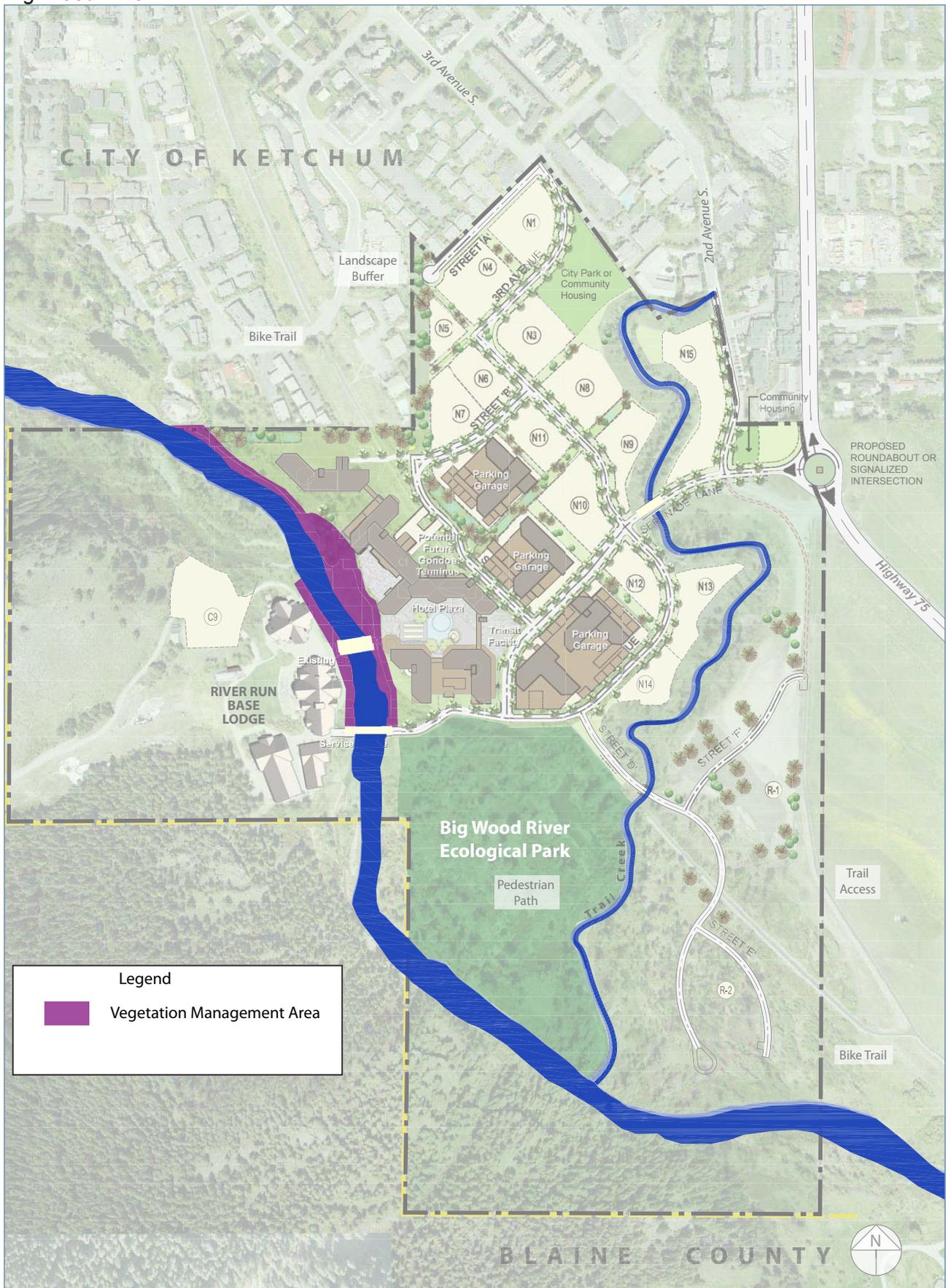


Exhibit 2 - Additional Management Areas

Trail Creek

