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SECOND AMENDMENT TO DEVELOPMENT AGREEMENT

THIS SECOND AMENDMENT TO DEVELOPMENT AGREEMENT (hereafter referred to as the "Second Amendment") is made and entered into effective this 21 day of June, 2011, by and among BOARDS OF COUNTY COMMISSIONERS OF LA PLATA COUNTY COLORADO AND OF SAN JUAN COUNTY, COLORADO ("Counties"); the PURGATORY METROPOLITAN DISTRICT ("Metro"); DSC/PURGATORY, LLC, a Colorado limited liability company, DURANGO MOUNTAIN LAND COMPANY, LLC, a Colorado limited liability company, PURGATORY VILLAGE LAND, LLC, a Colorado limited liability company, PURGATORY VILLAGE HOLDINGS, LLC, a Colorado limited liability company, DURANGO MOUNTAIN HOLDINGS, LLC, a Colorado limited liability company, and WINDOM PEAK, LTD., a Colorado limited partnership (referred to collectively as "Owners").

WHEREAS, the Counties and Metro entered into a Development Agreement with Owners and/or Owners' predecessors-in-title effective August 22, 2002, and recorded in La Plata County, Colorado on August 23, 2002 at Reception No. 836596, and recorded in San Juan County, Colorado on August 30, 2002 at Reception No. 142061; and

WHEREAS, the Development Agreement was amended by a First Amendment to Development Agreement effective July 16, 2003 and recorded in la Plata County, Colorado on August 7, 2003 at Reception No. 864254 and recorded in San Juan County, Colorado on September 3, 2003 at Reception No. 142838; and

WHEREAS, within the Development Agreement, the parties adopted a Comprehensive Development Plan ("CDP") which consists of the Master Plan, DMR Regulations, and the Development Agreement, as amended; and

WHEREAS, the fee simple ownership of a portion of the Property has now been transferred to Purgatory Village Land, LLC, a Colorado limited liability company, Durango Mountain Holdings, LLC and Purgatory Village Holdings, LLC, and

WHEREAS, the fee simple ownership of other portions of the Property have been transferred to other third parties for development and sale thereof; however, Owners retained the rights to supplement, modify and amend the Development Agreement in such transfers; and

WHEREAS, By agreement of the parties based on the recommendation of the Counties' air quality consultant, John Molenar and Air Resource Specialists, Inc., that development at DMR has had, and likely will have, no significant impact on air quality and visibility, and the parties to the Development Agreement have agreed to further amendments to various sections of the DMR Regulations; and

WHEREAS, the Joint Planning Commissions of La Plata County and San Juan County have held duly noticed public hearings with regard to this proposed Second Amendment, and recommend the adoption thereof by the Board of County Commissioners of La Plata County and San Juan County; and

WHEREAS, the Board of County Commissioners of La Plata County and the Board of County Commissioners of San Juan County have conducted duly noticed public hearings on this Second Amendment, and, based upon the evidence presented at the hearings, have determined that the approval of this Second Amendment is warranted.

Return to La Plata County
Planning Department



NOW THEREFORE, for and in consideration of the mutual obligations set forth herein, this Second Amendment is hereby adopted by the Counties as a legislative act, and the parties agree to further amend the Development Agreement as follows:

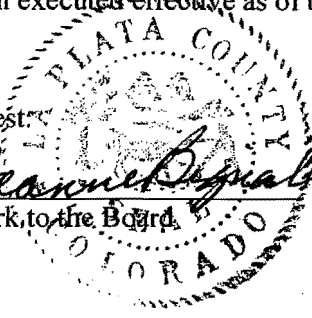
1. The Second Amendment shall be effective thirty-one days after both final passage and the date of publication of a notice advising the general public of the Second Amendment's approval by the La Plata and San Juan Boards of County Commissioners. If this Second Amendment is subject to the right of the voters to initiate a referendum regarding its adoption, and if a legally sufficient referendum petition complying with all relevant statutory requirements is filed within thirty days after final passage and publication of the Second Amendment in La Plata or in San Juan County, no part of the Second Amendment shall take effect until approved by a vote of the registered electors of the County in which such vote occurs.
2. The air quality, visibility and meteorological monitoring requirements of Section 5.14.1 of the Land Use Regulation, as implemented in Section 1 of the Air Quality Management Plan, are hereby suspended effective as of the date of the last monitoring done by DMR in 2005.
 3. a. The Counties may require that DMR activate localized air quality, visibility or meteorological monitoring at any time by giving notice thereof to DMR. Such monitoring may be activated by the Counties whenever significant construction projects (defined as disturbing more than ten acres) are undertaken within the Property, or if there is evidence that degradation of air quality or visibility is occurring on a continuing basis in the vicinity of the Resort, which degradation is not readily determined to be unrelated to Resort activity. Upon such notice, unless the Counties have adopted localized air quality monitoring standards, or the parties otherwise agree, DMR will pay for the County's consultant to create localized, site specific visibility, air quality and meteorological monitoring program (including recommended equipment and procedures). The purpose of such localized monitoring will be to determine whether specific activities within the Resort are adversely affecting air quality or visibility within the Resort or its immediate vicinity.
 - b. In the event that monitoring at the federal WEMI site or at any local monitoring site at the Resort detects any exceedence of any of the air quality thresholds set by the Land Use Regulation, the Counties may require DMR to re-initiate continuous air quality and visibility monitoring, unless degradation is readily determined to be unrelated to Resort activity.
 - c. In the event the Counties direct the activation of localized monitoring or if they direct the re-activation of continuous monitoring, the Counties' will reasonably determine, in consultation with DMR, the equipment to be used and the specific protocols for monitoring (location of monitoring equipment, frequency of measurement, etc) based upon the input of the Counties' air quality consultant as to the then-current available and most appropriate technological practices for such monitoring.
4. Notwithstanding the foregoing suspension of monitoring, DMR shall abide by Section 3 of the Air Quality Management Plan which specifies mandatory mitigation measures to prevent degradation of air quality, and upon reinstatement of monitoring pursuant to Section 2 above, applicable remediation measures to correct detected impacts on air quality pursuant to Section 4 of the Air Quality Management Plan.
5. Section 5.14.2 of the Land Use Regulation is hereby amended to reflect that: (i) no more than 14 open wood burning fireplaces or ovens shall be permitted within the Property and (ii) wood burning fireplace inserts or stoves (all of which must be EPA Phase II compliant) shall be permitted in no more than half the total number of single family residences permitted and constructed within the Property.

IN WITNESS WHEREOF, this Second Amendment has been executed effective as of the date written above.

BOARD OF COUNTY COMMISSIONERS
OF LA PLATA COUNTY, COLORADO

By: *Kenneth C. Howe*
Chairperson

Attest:
Jeanette Bignall
Clerk to the Board



BOARD OF COUNTY COMMISSIONERS
OF SAN JUAN COUNTY, COLORADO

By: *Samuel R. Kuhlman*
Chairperson

Attest:
Ladonaa B. Prainello
Clerk to the Board

PURGATORY METROPOLITAN DISTRICT, a Colorado non-profit corporation

By: *Jefferson Watson*
Jefferson Watson, President

DSC/PURGATORY, LLC, d/b/a Durango Mountain Resort, a Colorado limited liability company

By: *Gary S. Derck*
Gary S. Derck, CEO

DURANGO MOUNTAIN LAND COMPANY, LLC, a Colorado limited liability company

By: *Gary S. Derck*
Gary S. Derck, CEO

PURGATORY VILLAGE LAND, LLC, a Colorado limited liability company

By: *Gary S. Derck*
Gary S. Derck, CEO

DURANGO MOUNTAIN HOLDINGS, LLC, a Colorado limited liability company

By: *Gary S. Derck*
Gary S. Derck, CEO

PURGATORY VILLAGE HOLDINGS, LLC, a Colorado limited liability company

By: *Gary S. Derck*
Gary S. Derck, CEO

WINDOM PEAK, LTD., a Colorado limited partnership

By: *John Wells*
John Wells, General Partner

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Tiffany Lee Parker
LaPlata County Clerk



State of Colorado)
) ss
 County of La Plata)

1036579 10/4/2011 9:49 AM
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Tiffany Lee Parker
 Laplata County Clerk

The foregoing instrument was acknowledged before me this 21st day of June, 2011, by Kellie C. Hatten, Chairperson of the BOARD OF COUNTY COMMISSIONERS OF LA PLATA COUNTY, COLORADO, and Jeanne Bizzell County Clerk for La Plata County, Colorado, who acknowledged the signing and execution of this instrument as the duly authorized act of said entity. In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid.

My commission expires on 2/25/12

Jane M. Nowak
 Notary Public

State of Colorado)
) ss
 County of San Juan)

The foregoing instrument was acknowledged before me this 15th day of June, 2011 by Ernest F. Ruhlman, Chairperson of the BOARD OF COUNTY COMMISSIONERS OF SAN JUAN COUNTY, COLORADO, and Ladonna L. Jaramillo County Clerk for San Juan County, Colorado, who acknowledged the signing and execution of this instrument as the duly authorized act of said entity. In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid.

My commission expires on 6/17/15

Melody A. Skinner
 Notary Public
 MELODY A. SKINNER
 NOTARY PUBLIC
 STATE OF COLORADO

State of Colorado)
) ss
 County of La Plata)

The foregoing instrument was acknowledged before me this 22nd day of December, 2011 by Jefferson Watson, who attested that he is the President of PURGATORY METROPOLITAN DISTRICT, and who acknowledged the signing and execution of this instrument as the duly authorized act and deed of said entity. In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid.

My commission expires on 12-1-2014

Leah M. Wainwright
 Notary Public

State of Colorado)
) ss
 County of La Plata)

The foregoing instrument was acknowledged before me this 22nd day of December 2011 by Gary S. Derck who attested that he is the CEO of DSC/PURGATORY , LLC, d/b/a Durango Mountain Resort, a Colorado limited liability company, DURANGO MOUNTAIN LAND COMPANY, LLC, a Colorado limited liability company, PURGATORY VILLAGE LAND, LLC, a Colorado limited liability company, DURANGO MOUNTAIN HOLDINGS, LLC, a Colorado limited liability company, and PURGATORY VILLAGE HOLDINGS, LLC, a Colorado limited liability company, and who acknowledged the signing and execution of this instrument as the duly authorized act and deed of said entity. In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid.

My commission expires on 12-1-2014

Leah M. Wainwright
 Signature of Notary Public



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Tiffany Lee Parker

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Laplata County Clerk

State of Colorado)
) ss
County of La Plata)

The foregoing instrument was acknowledged before me this 12th day of JANUARY, 2011 by John M. Wells who attested that he is the General Partner of WINDOM PEAK, LTD, a Colorado limited partnership, and who acknowledged the signing and execution of this instrument as the duly authorized act and deed of said entity. In testimony whereof, I have hereunto set my hand and affixed my notarial seal on the day and year aforesaid.

My commission expires on 10/19/2013 Kelli Gansley
Notary Public