MEMORANDUM OF UNDERSTANDING

1. The Town of Mammoth Lakes, California (the "Town"), in an effort to reach agreement with creditors and interested parties (collectively, the "Interested Parties"), initiated a neutral evaluation process as authorized by section 53760 of the California Government Code (the "Mediation").

2. The Town and the Interested Parties who elected to participate in the Mediation agreed, through a mutually agreed upon process, to select the Hon. David Coar to serve as the neutral evaluator in the Mediation. The Mediation has been conducted by the Hon. David Coar in a manner that has promoted voluntary, un-coerced decision-making in which the parties have made free and informed choices regarding the process and outcome.

3. The neutral evaluator has informed the Town and all Interested Parties of the provisions of Chapter 9 relative to other chapters of the Bankruptcy Code. This instruction highlighted the limited ability of United States Bankruptcy Judges in Chapter 9 such as the lack of flexibility available to judges to reduce or cram down debt repayments and similar efforts not available to reorganize the operations of the city that may be available to a corporate entity.

4. The Town has provided the Interested Parties with information regarding its financial status and its proposal for the reorganization of its operations and adjustment of its debts. The Town and the undersigned Interested Party have participated in the Mediation and have negotiated, and will continue to negotiate, in good faith.

5. The Interested Party agrees to the proposed treatment of (a) its claim against the Town, (b) contract with the Town or (c) obligation owed to it by the Town that has been proposed by the Town as part of or in connection with the Mediation and which is described on the attached Exhibit A, which is incorporated herein by reference.

6. The agreement of the Town and the Interested Party to this Memorandum of Understanding and the proposed treatment set forth in Exhibit A is expressly conditioned on, and shall not be binding until, the occurrence of either of the following: (a) the negotiation of a

binding agreement between the Town and Mammoth Lakes Land Acquisition ("MLLA"), currently a non-participant in the Mediation, for the settlement of all disputes between them including the resolution of all claims arising from MLLA's judgment against the Town; or (b) the entry by a United States Bankruptcy Court of a confirmation order approving the proposed treatment of the undersigned's claim, contract or obligation in conjunction with or as a part of a Plan of Debt Adjustment in a Chapter 9 bankruptcy case, if such a proceeding is ultimately filed by the Town, as provided for by section 53760.3(t)(2) of the California Government Code.

TOWN OF MAMMOTH LAKES, CALIFORNIA	INTERESTED PARTY,
By: William Greendy Lee	Name: Mammoth Lakes Chamber of Commerce
Title: Counsel	By: [illegible]
Date: June 28, 2012	Title: President
	Date: 6/28, 2012

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TOWN OF MAMMOTH LAKES
AB 506 MEDIATION WITH CREDITORS
PROPOSED IMPAIRMENTS - PER THE BUDGET PLAN RELEASED PUBLICLY ON MAY 8, 2012

CREDITOR / "INTERESTED PARTY"	IMPAIRMENT PROPOSED: In % terms	ESTIMATED ANNUAL SAVINGS	IMPAIRMENT PROPOSED: More detail
Mammoth Lakes Chamber of Commerce	10.0%	$2,000	Reduce contract amount by 10%
BRAVO GARDENS: Represented by Mammoth Sierra Properties	10.0%	$5,500	Reduce contract for Maintenance of Promenade (Main Street) and other Town properties by 10%
Mono County	100.0%	$65,000	Cancel the contract for the Whitmore Animal Control Shelter
Steve Searles	10.0%	$5,764	Reduce by 10% contract for Wildlife Officer services
Mono County Sheriff	10.0%	$36,176	Reduce by 10% contract for Public Safety Dispatch
Carmichael Business Technology	10.0%	$2,189	Reduce by 10% contract for Police Department IT Services
High Sierra Energy Foundation (HSEF)	100.0%	$14,500	CONTRACT CANCELLATION
Mammoth Lakes Tourism (MLT)	10.0%	$215,562	Reduce annual funding (TOT and BLT) by 10%
Less return of the 5% TOT enhancement to MLT (see below)	-5.0%	($96,154)	Less return of the 5% TOT enhancement to MLT (see below)
Net MLT reduction	*5.0%*	*$119,408*	*Net MLT reduction*
Mammoth Lakes Housing (MLH)	10.0%	$34,652	Reduce contract amount by 10%
Less return of the 5% TOT enhancement to MLH (see below)	-5.0%	($17,326)	Less return of the 5% TOT enhancement to MLH (see below)
Net MLH reduction	*5.0%*	*$17,326*	*Net MLH reduction*
Eastern Sierra Transportation Authority (ESTA)	10.0%	$77,542	Reduce funding amount by 10%; and reduce contract vehicle service hours by up to 10%.
Less return of the 5% TOT enhancement to ESTA (see below)	-5.0%	($38,462)	Less return of the 5% TOT enhancement to ESTA (see below)
Net ESTA reduction	*5.0%*	*$39,080*	*Net ESTA reduction - funding cut by 5%, vehicle service hours reduced by up to 5%.*
Hot Creek Hot Creek Aviation AND Hot Creek Aviation Management, LLC - Fixed-Based Operator (FBO) for the Mammoth-Yosemite Airport. *Represented by Pat Foster.*			The FBO Operator has asked to renegotiate the contract to reduce his payment to the Town from the current annual $137K.
Union Bank			

TOWN OF MAMMOTH LAKES
AB 506 MEDIATION WITH CREDITORS
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CREDITOR / "INTERESTED PARTY"	IMPAIRMENT PROPOSED: In % terms	ESTIMATED ANNUAL SAVINGS	IMPAIRMENT PROPOSED: More detail
Mono County Historical Society	10.0%	$1,350	Reduce annual audit contract amount by 10%