

**SECOND AMENDMENT OF
SETTLEMENT AGREEMENT REGARDING
MOUNTAINSTAR MASTER PLANNED RESORT
CLE ELUM URBAN GROWTH AREA
AND
SUPPORTING INFRASTRUCTURE AND SERVICES**

This Second Amendment to Settlement Agreement Regarding MountainStar Master Planned Resort, Cle Elum Urban Growth Area and Supporting Infrastructure and Services ("Second Amendment") is entered into this 19th day of April, 2004, by and between **MOUNTAINSTAR RESORT DEVELOPMENT, LLC.**, a Delaware limited liability company ("MRD"), and **RIDGE**, a Washington non-profit corporation ("RIDGE").

WHEREAS, **RIDGE, Trendwest Resorts, Inc., Trendwest Investments, Inc., Trendwest Properties, Inc., MountainStar Resort Resources, Inc.**, entered into that certain "Settlement Agreement Regarding MountainStar Master Planned Resort, Cle Elum Urban Growth Area and Supporting Infrastructure and Services" on September 22, 2001, ("Settlement Agreement") as amended by the First Amendment to Settlement Agreement dated March 14, 2003, ("First Amendment"); and

B

WHEREAS, MRD by way of Trendwest Investments, Inc., Plan of Liquidation and Dissolution effective September 27, 2003 is successor in interest to **Trendwest Resorts, Inc., Trendwest Investments, Inc., Trendwest Properties, Inc., MountainStar Resort Resources, Inc.**; and

C

WHEREAS, MRD has fully assumed all obligations completed and uncompleted of the Settlement Agreement and First Amendment to Settlement Agreement; and

WHEREAS, RIDGE and MRD have agreed to specific amendments and additions effecting the performance of the Settlement Agreement as Amended; and

NOW, THEREFORE, in consideration of mutual considerations contained herein, and in the Settlement Agreement as Amended, MRD and RIDGE hereby agree the Settlement Agreement and First Amendment are modified as follows:

Paragraph 1.3.2 is amended to state:

1.3.2 MRD agrees to locate the pedestrian/bike trail proposed for MPR Phase 1B in the road right-of-way from Number 9 Mine Road to the reservoir access road as shown on the Binding Project Map. West of the reservoir access road the pedestrian/bike trail will leave the right-of-way and follow behind the back lot lines (Lots 381-395 as identified on the date of this Agreement) until intersecting the Stream "C" open space. There shall be no trails constructed elsewhere in the buffers adjacent to the City of Roslyn between Number 9 Mine Road and Stream "C."

1.3.2.1 A trail forming a "T" configuration with the Cle Elum River Trail may be constructed in the Stream "C" Corridor, subject to the following conditions:

1.3.2.1.1 The existing logging road through the Stream "C" Corridor shall be removed and re-vegetated, and replaced by a new road connection between Phase 1 and Phase 2, as shown as "Alt # 1-B" on **EXHIBIT "K" (MAP OF STREAM "C" ROAD CROSSING)**.

1.3.2.1.2 MRD agrees to allow public access to the trail system designated as public trails at no charge. MRD shall construct a public trail or trails that connect portions of the trail system within the Cle Elum River Corridor to all the lands outside of the allowed Buildable Footprint within Phase 3. This subsection shall not supersede provisions of the Settlement Agreement related to Stream "C" or the LSP. MRD and RIDGE agree to work together to locate the public trails in mutually agreeable locations within the MPR.

1.3.2.1.3 A trailhead to the Stream "C" Corridor trail(s) may be located adjacent to the Roslyn burn dump provided no restrooms or parking lot shall be built at that trailhead.

1.3.2.1.4 The parties are committed to the development of a looped public trail system within the Cle Elum River Corridor. This trail system will utilize structures for purposes of crossing critical areas only in the locations (T-1-T-9) and so listed on Exhibit "N" and shown on Exhibit "X". Trail siting within the Cle Elum River Corridor shall be co-determined by the parties.

New Paragraph 1.3.2.2 is added to state:

Stream “C” Land Stewardship Plan (LSP). RIDGE and MRD agree that the road access through Stream “C” shall be located as shown as “Alt 1-B” on Exhibit “K and the Land Stewardship Plan (LSP) (Exhibit “L”) shall be amended by the parties to include site-specific management allocation for the Stream “C” Corridor. The LSP will be amended by mutual agreement of the parties within one year following the execution of this Second Amendment. MRD agrees to pay all costs, not to exceed five-thousand dollars (\$5,000.00), of an additional ecological consultant, acceptable to RIDGE and MRD, to develop a final LSP in conjunction with MRD’s consulting professional forester. A scope of work and budget for this consultant shall be provided by RIDGE within 45 days following the signing of this Second Amendment to the Settlement Agreement.

Paragraph 1.3.3 is amended to state:

1.3.3 MRD acknowledges the hotel sites identified on the Binding Project Map, (Exhibit “C”) will be the only sites for the construction of hotels. The Parties understand and agree that the hotel sites shown as “bubbles” on the Binding Project Map are general areas in which the hotels may be located and that the exact locations of the hotel sites within the “bubbles” will be determined by MRD. Notwithstanding the above, RIDGE agrees that MRD may move and alter the shape of (but not enlarge) the Phase 1 hotel area shown on the Binding Project Map (Exhibit “C”) by up to 1,000 feet from the currently agreed-upon location, and the Phase 2 hotel area by up to 1,000 feet to move away from SR-903, provided that there is no increase in the size of the hotel area.

Paragraph 1.3.4.2 is amended to state:

1.3.4.2 The primary motor vehicle access to the MPR shall be off of Bullfrog Road, as depicted in Exhibit “C”. MRD will propose one secondary motor vehicle access at the Number 9 Mine Road. MRD will propose one secondary motor vehicle access road off of Bullfrog Road within the area between the Cle Elum River and the forty percent (40%) slope in Phase 1, to serve the Buildable Footprint between the Cle Elum River and the forty percent (40%) slope in Phase 1, to transport material removed from the 40% slope and to access the New Bullfrog Bridge, if approved. MRD may relocate this secondary motor vehicle access road entrance at Bullfrog Road provided that in no event shall MRD construct or propose more than one entrance, including any entrance for parking, to the MPR from Bullfrog Road within the area between the Cle Elum River and the primary motor vehicle access to the MPR herein described. Within thirty calendar days following the signing of this Amendment, the existing secondary motor vehicle access road off of Bullfrog Road shall be fitted with a culvert that allows stormwater on both sides of the existing secondary motor vehicle access road to pass into the Storm Filter System installed within the geomorphic floodplain east of the Cle Elum River. Concurrently with construction of the New Bullfrog Access Road a new culvert will be installed at that location, the existing secondary motor vehicle access road’s connection to Bullfrog Road and its culvert will be removed, and the drainage swale restored such that storm water can drain to the Storm Filter System.

MRD will propose only one (1) secondary motor vehicle access to MPR Phase 1 and Phase 2 from north of Ronald (as shown on the Binding Project Map). Notwithstanding the above, one temporary access point north of Ronald, shall be located at either Access location 9 or 10 as shown on Exhibit “X” and listed on Exhibit “N”. This single access point may be used for a period not to exceed five years following the signing of this Second Amendment to the Settlement Agreement or the date on which the permanent MPR access north of Ronald is opened for use, whichever date is sooner. MRD will propose only one motor vehicle access to Phase 3 from Bullfrog Road. Such limitations and decisions on motor vehicle access are subject to agency approval. If the New Bullfrog Bridge is approved, then fourteen days following the completion of the construction of the New Bullfrog Bridge, or of the new Winston Bridge, whichever should occur sooner, the existing unpaved road located between I-90 and the Cle Elum River from Bullfrog Road entering Phase 3 shall be keyed and gated for use solely by easement holders and emergency use. Prior to the completion of either the New Bullfrog Bridge, or the new Winston Bridge, whichever should occur sooner, the existing unpaved road located between I-90 and the Cle Elum River from Bullfrog Road entering Phase 3 may be used as a construction access to Phase 3. This right of access shall terminate fourteen calendar days following the completion of construction of the New Bullfrog Bridge, or of the new Winston Bridge, whichever should occur sooner. Notwithstanding the above, in the event that MRD should provide RIDGE with site-specific written documentation from Kittitas County, stating that the existing unpaved road located between I-90 and the Cle Elum River must remain open, until such time as the New Bullfrog Bridge and the new Winston Bridge are opened, then the existing unpaved road located between I-90 and the Cle Elum River shall be keyed and gated for use solely by easement holders and for emergency use fourteen days following the date that construction of both the new Winston Bridge and New Bullfrog Bridge is completed. If the New Bullfrog Bridge is not approved or constructed the existing road may be paved, improved and used to provide primary access to Phase 3. In the area described in this Paragraph, MRD shall actively oppose any motor vehicle access to the MPR other than emergency motor vehicle access and motor vehicle access described in this paragraph, 1.3.4.2. MRD will meet condition C-13 of MPR Development Agreement (Conditions of Approval). MRD agrees that neither it nor its contractors shall use Horvat Road for construction traffic.

Paragraph 1.3.4.3 is amended to state:

1.3.4.3 In the event Number 9 Mine Road is developed as an unrestricted secondary access road, MRD shall, subject to appropriate agency review and approval, install a left turn lane from SR 903 onto Number 9 Mine Road in 2007. If the Number 9 Mine Road is developed as an unrestricted secondary access road but MRD, due to County or agency action, is unable to or prevented from installing the left turn lane, Paragraph 2.0 shall apply to arrive at a functional equivalent. The Number 9 Road as shown at Access location 6 on Exhibit “X”, and listed on Exhibit “N”, may be used as a secondary construction access road at such times as the primary construction access is unavailable for use. During such use all secondary construction traffic shall be controlled by either a flagger or a gate.

Paragraph 1.3.4.4 is amended to state:

1.3.4.4 MRD shall propose to Kittitas County a construction entrance at the former "Gun Club Road." After completion of construction this entrance would be used during MPR operation only for employees, maintenance and emergency services, but shall not be used as an entrance for MPR guests and residents. The permanent Construction Maintenance Emergency Services Access Road, as shown at Access location 4 on Exhibit "X" and listed on Exhibit "N" shall substitute for the Gun Club Road, as shown at Access location 5 on Exhibit "X", and listed on Exhibit "N", as the primary construction entrance. At no time shall the permanent Construction Maintenance Emergency Services Access Road and the Gun Club Road be open concurrently. At the time the permanent Construction Maintenance Emergency Services Access Road is first used the Gun Club Road will be permanently barricaded, closed and that portion within perimeter buffer open space shall be reclaimed and remain as perimeter open space.

Paragraph 1.3.5 is amended to state:

MRD will not propose a bridge location across the Cle Elum River in the Stream "C" Corridor area as shown on the Binding Project Map (Ex. "C"). MRD will propose, advocate and actively support a new bridge crossing only at the old Winston Bridge site and at the New Bullfrog Bridge Site located upstream of the old Bullfrog Bridge, as shown on new Exhibit "X" [that depicting Number 9 Road entrance, all Bullfrog Road entrances including New Bullfrog Bridge siting and entrances and new substitute road at Gun Club Road, temporary entrance options north of Ronald off of 903]. RIDGE will not oppose the New Bullfrog Bridge. This New Bullfrog Bridge shall serve the MPR road, trail and utilities systems but will not be available for use by adjacent properties that are not part of the MPR. RIDGE agrees to actively support agency approval of the new bridge crossing at the Winston Bridge site. The Parties recognize that decisions regarding the bridge locations are subject to Yakama Nation and WDFW, and other agency, review, and MRD must comply with any agency decisions. Subject to agency approval, the "old" Bullfrog Bridge may be used only for utilities, trails, and maintenance/emergency vehicle access. RIDGE agrees to reconstruction of the old Bullfrog Bridge only for utilities, trails and maintenance/emergency vehicle access use as shown on Exhibit "X" and listed on Exhibit "N". Fourteen days following the completion of the construction of the New Bullfrog Bridge, or the new Winston Bridge, whichever should occur sooner, the existing unpaved road located between I-90 and the Cle Elum River from Bullfrog Road entering Phase 3 shall be keyed and gated for use by easement holders and emergency use only. If the New Bullfrog Bridge is not approved or constructed the existing road located between I-90 and the Cle Elum River may be paved, improved and used to provide primary access to Phase 3. Notwithstanding the above, in the event that MRD should provide RIDGE with site-specific written documentation from Kittitas County, stating that the existing unpaved road located between I-90 and the Cle Elum River must remain open, until such time as the New Bullfrog Bridge and the new Winston Bridge are opened, then the existing unpaved road located between I-90 and the Cle Elum River shall be keyed and gated for use solely by easement holders and for emergency use fourteen days following the date that construction of both the new Winston Bridge and New Bullfrog Bridge is completed.

A new Paragraph 1.3.8 is added to state:

1.3.8 The campground depicted in Exhibit "X" and listed on Exhibit "N" shall contain no more than 20 campsites, accommodate no more than 80 people and occupy no more than five acres. The equestrian center depicted on Exhibit "X" and listed on Exhibit "N" shall occupy no more than 20 acres.

New Paragraph 1.5.6.3 is added to state:

1.5.6.3 RIDGE agrees that any of the dedicated \$120,000 (as per sections 1.5.6.1 and 1.5.6.2, above) in funds that remain unspent upon completion of fish passage improvements already proposed or under construction at Big Creek shall be placed in escrow for future stream restoration projects including performance based enhancements and enhancing tributary aquatic resources. Such projects shall be co-determined by RIDGE and the MCT. Such projects shall be consistent with the goals and objectives of the MCT.

New Paragraph 1.7.5 is added to state:

1.7.5 Determination of New Open Space Categories and Boundaries. Categorization of open space:

RIDGE and MRD agree to meet within 21 days of the effective date of this Second Amendment to assign Natural, Managed, and Perimeter Buffer category designation to the New Open Space areas within Phases 2 and 3 and the UGA, as described in Exhibit "D" to the Settlement Agreement. MRD will provide drafts of conservation easement language for these three categories of open space within 21 days of the effective date of this Second Amendment. RIDGE agrees to review and comment on this language within 21 days of receipt of language for Phases 1 and 3 and 45 days of language for Phase 2 and the UGA. Within 30 days of the effective date, MRD shall provide a staked proposed boundary line depicted on a topographic map to include Global Positioning System (GPS) locations indicated on the stakes and on the map at intervals of no greater than 100 feet along all open space boundaries for all open space in Phase 3. Within 21 days of receipt, RIDGE will have advised MRD of all proposed adjustments to that line. MRD shall make its staff and surveyors available to field adjust and mark boundaries. MRD shall prepare and provide RIDGE with this adjusted topographic map to include GPS locations indicated on the stakes and on the map at intervals of no greater than 100 feet along all open space boundaries of the New Open Space areas within Phase 3 seven (7) days prior to their conveyance to the MCT. In any event, New Open Space in Phase 1 shall be conveyed to the MCT, by June 1, 2004. The New Open Space in Phase 3 shall be conveyed fourteen (14) days prior to the recording of the first final plat in Phase 3, or August 1, 2004, whichever date is sooner. New Open Space in Phase 2 shall be conveyed by May 15, 2005 or fourteen days prior to the recording of the first final plat in Phase 2, whichever date should be sooner. New Open Space in the UGA shall be conveyed fourteen (14) days prior to the recording of the first final plat in the UGA. No later than April 15, 2005 (for New Open Space in Phase 2) and no later than forty-five (45) days prior to the recording of the first final plat in the UGA, MRD shall provide a staked proposed boundary line depicted on a topographic map to include GPS locations indicated on the stakes and on the map at intervals of no greater than 100 feet along all open space boundaries for all open space in Phase 2 and the UGA. Within thirty (30) days, RIDGE will have advised MRD of all proposed adjustments to that line. MRD shall make its staff and surveyors available to field adjust and mark boundaries. MRD shall prepare and provide RIDGE with these adjusted topographic maps to include GPS locations indicated on the stakes and on the map at intervals of no greater than 100 feet along all open space boundaries of the

New Open Space areas within Phase 2 and/or the UGA seven (7) days prior to their conveyance to the MCT. Legal descriptions of these conveyances shall be prepared and filed when adjacent areas are surveyed. These legal descriptions shall be reviewed and field checked by the Contract Compliance Auditor, as provided in Paragraph 1.22.

New Paragraph 1.12.1 is added to state:

Acquisition of Additional Open Space. In addition to other open space conservation or funding commitments in the Settlement Agreement, MRD shall convey or cause to be conveyed property in Section 17, as shown on the aerial photograph attached, Exhibit "M" (and referred to herein as Section 17 Property) to the City of Roslyn or a land trust mutually agreed upon by the parties. Such conveyance shall be in fee simple subject only to covenants never to develop the property and not to log the property without compliance with the Land Stewardship Plan described in this section. . With respect to this conveyance, the City of Roslyn shall have first right of refusal. Prior to conveying these lands as described in this section, MRD shall invalidate or cause to be invalidated, any approved Forest Practice Application (s) [FPA(s)] that may be attached to the lands to be conveyed, MRD shall execute a conservation easement(s) that preclude residential and commercial use of this property and that obligates the City of Roslyn or land trust, mutually agreed upon by the parties, to adopt a Section 17 Land Stewardship Plan. RIDGE and MRD shall be a party to the creation of the Section 17 Land Stewardship Plan and any future amendments. It shall be understood that the Section 17 Land Stewardship Plan may allow timber harvesting subject to a forest practice regimen to be approved by RIDGE and MRD within six (6) months following the conveyance of the Property with all the proceeds of such harvest to be applied to the expense of managing the lands and/or acquiring additional open space. During the reduced vesting period for the MPR defined section 1.6 of the Settlement Agreement any forest practice application on the property shall be subject to the written approval of RIDGE and MRD prior to the application's submission to the approving agency. In the event that during the reduced vesting period for the MPR defined section 1.6 of the Settlement Agreement, proceeds generated from such an FPA are used to acquire additional open space, such acquired open space may be applied by MRD to its obligations to acquire additional open space under the Cooperative Agreement. The form of the conservation easement (s) applied to the Section 17 Lands shall be subject to approval of RIDGE and MRD. The property shown on Exhibit "M" comprises approximately 307 acres of slopes and ridgelines currently owned by the Olson Brothers. Approximately 23 acres of relatively flat property, separated from the remainder of the Section 17 Property by the Coal Miners Trail, at the base of the slope, and depicted on Exhibit "M", may be excluded from the conveyance provided by this section or at MRD's option, be reconveyed back to MRD at a later date. Such reconveyance shall be at the cost of one dollar or other sufficient consideration. This land will be available for future development and shown in Exhibit "M". Further, a single one acre parcel depicted as "The One Acre Parcel" on Exhibit "M" may be reconveyed at the cost of one dollar or other sufficient consideration to MRD at MRD's option, and may be resold by MRD, provided that prior to any such sale, this parcel shall be burdened with a restrictive covenant that limits the property's future use to only the uses and provisions allowed by the property's urban forest zone provisions in effect on the effective date of this Second Amendment.

New Paragraph 1.12.2 is added to state:

1.12.2 Donation/Contribution Transfers. RIDGE agrees with the transfer by MRD of donation funds from Local History Preservation (\$300,000), Roslyn Capital Improvements (\$344,000), and RIDGE further agrees to support and MRD agrees to request the contribution by the Central Washington Land Trust (CWLT) of the \$150,000 previously donated by MRD to the CWLT to facilitate and partially fund the acquisition of the approximately 307 acres of Section 17 land owned by the Olson Brothers shown on Exhibit "M".

New Paragraph 1.12.3 is added to state:

1.12.3 Public Announcement, Advertising and Signage. RIDGE shall be named as a partner in any public announcement, signage, advertising or promotional materials made by or on behalf of MRD with respect to the lands referenced in Section 1.12, above.

New Paragraph 1.12.4 is added to state:

1.12.4 Annexation of and Removal of Lands to and from the MPR and Reassignment of Land Use Designation of Lands within the MPR. Subsequent to the effective date of this amendment MRD may annex any lands contiguous to MPR to the MPR without RIDGE approval, provided there shall be no modification of the Buildable Footprint of the MPR as depicted in the Binding Project Map (Exhibit "C") and no addition to the Buildable Footprint of the MPR on lands so annexed to the MPR without the express written agreement of RIDGE. Such agreement shall be secured at least thirty (30) days prior to any submission or permit request that incorporates such a change. Notwithstanding the above, those lands which are depicted on Exhibit "X" and listed on Exhibit "N" as "Area/Land Use Designations" sections 1.1-1.8, 2.1-2.6 and 3.1- 3.28 shall not be subject to the terms of this section 1.12.4.

Paragraph 1.15.4 is amended to state:

1.15.4 Construction work hours for the MPR and UGA construction shall be from 7:00 a.m. until 7:00 p.m. Monday through Saturday. Work on Sundays will be on an emergency basis only. Equipment servicing and maintenance times will be unrestricted. Notwithstanding the above, construction shall begin no earlier than 6:00 AM and shall end no later than 7:00 PM, Monday through Saturday during the months of July through September.

New Paragraph 1.22 is added to state:

1.22 Contract Compliance Auditor.

In order to streamline in a professional manner the process of contract compliance verification so as to significantly reduce the number of meetings and staff time devoted to plan review, the parties agree that compliance with the following sections of the Settlement Agreement, shall be subject to review, comment and verification by a Contract Compliance Auditor (CCA) prior to submission to the approving public authority or commencement of ground disturbing action if no further approving act is required:

Section 1.4	New User;
Section 1.9	Storm Water Management;
Section 1.3	Binding Project Map for MPR and UGA;
Section 1.2	Reduction of MPR Accommodation Units;
Section 1.15.3	Dark Sky Standards;
Section 1.20	Golf Courses;
Section 1.5.3.3	Trendwest will accelerate the purchase or transfer of water rights...;
Section 1.5.4	Water Quality;
Section 1.5.5	Water Conservation;
Section 1.6	Reduction of Vesting Provisions; and
Section 1.7.5	Determination of New Open Space Categories and Boundaries. Categorization of open space.

Nothing in this section is intended to change the rights and obligations of the parties as provided by the specified sections or other sections of the Settlement Agreement not otherwise provided for in this Paragraph 1.22. The CCA's responsibilities are defined in this section. The CCA shall review MRD's project designs or plans and operations that are subject to the above sections to the extent they are subject to the above sections. The purpose of this review is to certify compliance or declare non-compliance with the terms of the Settlement Agreement, as amended.

The certification process shall be commenced by MRD providing a written request for certification to the CCA with concurrent written notice to RIDGE. The certification process will be accomplished as quickly as is reasonable based on the scope of the request. In arriving at the certification, the CCA shall refer to the Settlement Agreement as amended, investigate the proposed action to the extent necessary, request and consider submissions by either party and request additional information. The CCA shall be given liberal access to the records and personnel of both parties and access to the project site in aid of providing the certification or declaration of non-compliance.

Notice of the results of the process shall be provided promptly and concurrently in writing to both parties. Either party may consult with the CCA and review any information provided to the CCA, provided that such consultation or review shall not delay CCA reports. At the election of either party the finding of the CCA may be exempted from the dispute resolution process.

Within 30 days of the effective date of this Second Amendment, the parties agree to meet in good faith to agree on an independent and qualified CCA. The CCA shall be a licensed professional engineer or have other professional qualifications acceptable to both parties. If the parties are unable to agree within the 30 days, each shall propose a candidate with the qualification to meet the terms of this Amendment. Those two candidates shall meet and select a third candidate who shall act as the CCA for the first year. This selection shall be made within 60 days of the effective date of this Second Amendment. Either party may remove the CCA without cause at the end of each contract year. A new CCA shall be selected through the preceding process.

Within 30 days of selecting a CCA, the parties will meet with the CCA to agree on a one-year contract, including estimated scope, budget, and time periods for CCA review of MRD submittals. MRD agrees to pay the CCA expenses as provided in the contract. The parties will meet to review the CCA contract at least 30 days prior to the end of each annual term, and may revise the contract as appropriate. Within one hundred and twenty (120) days of the effective date of this Second Amendment MRD shall conclude a contract engaging the CCA.

The position of the CCA shall terminate upon the recording of the first final plat for Phase 2, 3, or the UGA, or six (6) years following the effective date of this Second Amendment whichever is latest unless extended by mutual agreement of the parties.

New Paragraph 1.23 is added to state:

1.23 MRD shall request that the MCT consider lands within sections 24, 25 and 26 of Township 20, Range 14, North of the Yakima River and South of the MPR that are not currently owned by MRD, as candidates for acquisition or acquisition of development rights.

New Paragraph 24.0 is added to state:

24.0 **Identity of Parties.** All previous references in the Settlement Agreement and First Amendment to **Trendwest Resorts, Inc., Trendwest Investments, Inc., Trendwest Properties, Inc., MountainStar Resort Resources, Inc.**; shall be amended to refer to MRD.

New Paragraph 25.0 is added to state:

25.0 **Authorization to Approve.** Each person signing this Second Amendment to Settlement Agreement has full authority to bind the entity on behalf of which they are executing this Amendment. Each party and person signing this Second Amendment warrants that all conditions precedent, necessary corporate authorization or other approvals have been obtained and that the Settlement Agreement, the First Amendment and the Second Amendment are fully enforced and binding on the parties.

Paragraph 26.0 is added to state:

26.0 **Effective Date.** To facilitate MRD's early application for necessary permits or approvals for its undertakings, the parties agree that the effective date of this Second Amendment shall be April 19, 2004. It is understood and agreed that should the transfer of Property required by Paragraph 1.12.1 not be completed within six (6) months of the effective date, then this Second Amendment shall be void and have no force or effect for failure of consideration. If the Agreement is terminated for non-compliance of the transfer, then MRD shall withdraw, or surrender as necessary, all permits or approvals for any undertaking permitted by this Second Amendment and MRD shall take no action in reliance on this Second Amendment, the permits or the approvals. MRD shall refrain from taking any action contemplated by this Second Amendment, other than the application for the necessary permits or approvals, until the transfer of property required by Paragraph 1.12.1 is completed.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My commission expires _____