

COOPERATIVE AGREEMENT
BETWEEN THE
WASHINGTON DEPARTMENT OF FISH AND WILDLIFE,
YAKAMA NATION
AND
TRENDWEST RESORTS, INC.

December 4, 2000

This Cooperative Agreement is between the Washington Department of Fish and Wildlife ("WDFW"); the Confederated Tribes and Bands of the Yakama Nation ("Yakama Nation"); and Trendwest Resorts, Inc. ("Trendwest"). For purposes of this Agreement, "Trendwest" means Trendwest Resorts, Inc. and any affiliated companies, including Trendwest Properties, Inc., (Trendwest Properties), Trendwest Investments, Inc. (Trendwest Investments), and any entities formed by Trendwest or a successor-in-interest for purposes of owning, managing or developing the Trendwest Property.

PART A - RECITALS

1. This Agreement relates to approximately 7,400 acres owned by Trendwest Investments ("Trendwest Property", depicted on the map attached hereto as Exhibit A) proposed for development in connection with the following two projects: (1) approximately 6,200 acres as the MountainStar Master Planned Resort ("MountainStar" or "Resort") and (2) approximately 1,200 acres in connection with the development of the Cle Elum Urban Growth Area ("Cle Elum UGA"). MountainStar will be developed by Trendwest Resorts. The Cle Elum UGA portion of the Trendwest Property will be developed by Trendwest Properties. Trendwest is planning these as separate, independent projects, either of which can proceed without the other. The Trendwest Property and its allocation between the two projects referenced above are shown on the map attached hereto as Exhibit A.

2. WDFW seeks to protect and conserve fish and wildlife and to pursue a "no net loss" policy of productive fish and wildlife habitat in connection with the development of the Trendwest Property. The Yakama Nation has treaty-protected interests and other contemporary concerns about development of the Trendwest Property. The Yakama Nation supports WDFW's policy goal regarding loss of fish and wildlife habitat.

3. Trendwest, as an environmentally-sensitive resort developer, is interested in working with WDFW and the Yakama Nation to prevent loss of fish habitat and to pursue a goal of no net wildlife habitat loss, as described in this Agreement, in connection with the development of the Trendwest Property. Trendwest will cooperate to further the no net loss goal through (i) the on-site preservation of open space and

restoration of habitat in those portions of the Trendwest Property proposed for the Resort and (ii) the off-Resort actions and enhancements described in this Agreement.

4. The parties acknowledge that the MountainStar EIS included a cumulative impacts analysis for both the Resort and Cle Elum UGA projects. The parties agree to use this cumulative impacts analysis, and other available information, to determine appropriate on-site and off-site mitigation and enhancement measures in connection with the development of the Trendwest Property.

5. The parties hereby express their desire to establish a cooperative relationship to accomplish their mutual objectives for the Trendwest Property in general and the Cle Elum River Corridor in particular. The parties acknowledge Trendwest's interest in using the Cle Elum River Corridor and other Managed Open Space areas on the MountainStar Property for the recreational purposes of resort guests, as well as the need to pursue ecological objectives for the MountainStar portion of the Trendwest Property in the context of Trendwest's primary interest in promoting the appropriate recreational use of undeveloped areas of the Trendwest Property.

6. The parties hereby express their desire to compromise claims regarding the environmental impacts of Trendwest's proposed development activities on the Trendwest Property as provided in this Agreement.

7. This Agreement addresses cumulative environmental impacts associated with the development of the Trendwest Property disclosed in the MountainStar EIS. Nevertheless, the parties reserve their respective positions as to whether the MountainStar EIS discussed adequate mitigation in connection with those impacts. The parties make no admissions regarding such issues other than that they have agreed that mitigation of those impacts and protection and enhancement of open space and fish and wildlife enhancement should be the subject of this Agreement. In particular, Trendwest's implementation of the mitigation and enhancement measures included in this Agreement will not be deemed an admission by Trendwest that such measures could have been appropriately imposed by Kittitas County in connection with the Resort by the County or imposed by the County or the City of Cle Elum in connection with the Cle Elum UGA project.

PART B -- DEFINITIONS

For purposes of this Agreement, the term --

(1) "Accommodation Unit" means any chalet, cabin, condominium, single-family detached and multi-family attached residence, hotel or motel unit, time-share unit or recreational vehicle site with power and water located, on the Trendwest Property.

(2) "Cle Elum River Corridor" means the Geomorphic Floodplain area comprised of approximately 1,215 acres of land and depicted on the map attached hereto as Exhibit B. The Cle Elum River Corridor was studied in

Planning Area 11 in the MountainStar EIS, which consists of approximately 1,589 acres of land, of which approximately 1,543 acres will be preserved as permanent open space.

(3) "Conservation Values" means the scenic, cultural, natural resource and recreation values of the Cle Elum River Corridor, as described in Exhibit C, attached hereto and incorporated by reference.

(4) "Consumptive Use" means the estimated or actual annual amount of water diverted pursuant to the water right, reduced by the estimated annual amount of return flows.

(5) "Geomorphic Floodplain" refers to the physical floodplain and includes those areas occupied by a river during post-glacial (Holocene) times and that are subject to inundation by high flows and lateral migration of the modern river.

(6) "Initial Trustees" means the members of the Board of Trustees or their successors appointed by Trendwest, WDFW and the Yakama Nation to fill the three initial trustee positions set forth in Part C.1.

(7) "Land Stewardship Plan" means the plan developed by Trendwest for management of open space areas of the Trendwest Property to achieve specific ecological objectives, including -

(a) retaining and restoring healthy aquatic and upland ecosystems, including native plant and animal communities;

(b) maintaining and enhancing forest health, including species and age diversity and reducing fire hazards and risk of catastrophic fire; and

(c) protecting and enhancing fish and wildlife habitat, focusing specifically on species of special concern such as elk, threatened and endangered species and anadromous fish.

(8) "Managed Open Space" means those portions of the Trendwest property located on the west side of the Cle Elum River and studied in Planning Areas 9 and 10 in the MountainStar EIS, which consists of approximately 1,179 acres of land, of which approximately 1,171 acres will be preserved as permanent open space.

(9) "MPR Approval" means final approval by all appropriate federal, state and local government agencies for all permits necessary to initiate development of the MountainStar Resort, including water rights changes of use, and exhaustion of all appeals or other claims arising under or related to the permits or other approvals.

(10) "UGA Approval" means final approval by all appropriate federal, state and local government agencies for all permits necessary to initiate development by Trendwest within the Cle Elum UGA, including water rights

changes of use, and exhaustion of all appeals or other claims arising under or related to the permits or other approvals.

(11) "West Side Open Space" means undeveloped portions of the Trendwest Property managed by Trendwest or a successor-in-interest and described as "Managed Open Space" in Chapter 2.2.6 of the MountainStar FEIS. A map from the MountainStar EIS showing proposed West Side Managed Open Space areas is attached hereto as Exhibit D.

PART C - CLE ELUM RIVER CORRIDOR

1. MountainStar Conservation Trust. -- (a) Trendwest, WDFW and the Yakama Nation agree to participate in the formation and management of a non-profit corporation to be known as the MountainStar Conservation Trust (Trust). The Trust will be expressly empowered to undertake the activities described in this Agreement.

(b) A three-member Board of Trustees will govern the Trust. The Board will consist of --

- (i) one member appointed by Trendwest;
- (ii) one member appointed by WDFW; and
- (iii) one member appointed by the Yakama Nation.

(c) The Board may agree to increase its size, but only upon a majority vote of the Board and unanimous approval of the Initial Trustees, as documented by an instrument bearing the signatures of each of the Initial Trustees.

(d) Trendwest will be responsible for preparing articles of incorporation and bylaws for the Trust, subject to the review and approval of WDFW and the Yakama Nation, which cannot be unreasonably withheld. The articles of incorporation and bylaws will provide that the Board of Trustees make decisions by consensus of all the Trustees except as otherwise provided in this Agreement. Decisions to assure compliance with conservation easement provisions, including legal action to enforce easement terms, may be authorized by a majority vote of the Initial Trustees.

2. MountainStar Conservation Trust Purposes. --

(a) On the Trendwest Property, the purposes of the Trust are --

- (1) to own a Conservation Easement as described below over the Cle Elum River Corridor;
- (2) to own Conservation Easement(s) as described below over West Side Open Space areas; and
- (3) to monitor and take action to enforce compliance with restrictions on use contained in the Conservation Easements.

(b) Off the Trendwest Property, the purposes of the Trust are --

(1) to acquire water rights in the upper Yakima River Basin --

(A) to increase instream flows to protect and enhance anadromous fish and other aquatic resources in the upper Yakima River and its tributaries; or

(B) to reduce consumptive uses of water in the upper Yakima River and its tributaries for the benefit of downstream uses; and

(2) to undertake other activities to protect and enhance scenic, cultural, natural resource and recreation values within Kittitas County. These may include owning and managing Conservation Easements and other interests in property to protect and enhance open space and fish and wildlife habitat. For purposes of this paragraph, the Trust will have as a priority the acquisition of riparian and other significant habitat that contributes to the fish and wildlife of the upper Yakima River Basin.

(c) In general, the purposes of the Trust will include --

(1) activities that are necessary to secure and maintain status as a qualified conservation organization within the meaning of the Internal Revenue Code;

(2) educational and interpretive programs related to environmental education; and

(3) such other activities as the Initial Trustees by unanimous approval may deem appropriate.

(d) General Limitation. -- The Trust will have the capacity to monitor and protect its interests in property, to execute and enforce contracts and other legal obligations, and to bring legal actions regarding its Conservation Easements or other interests in real property. The Trust is prohibited, however, from taking any action, including commenting or filing appeals, or opposing, hindering, challenging or otherwise attempting to delay the timely development of the MPR or UGA portions of the Trendwest Property; and provided further, that the Trust will be prohibited from bringing legal actions against Trendwest related to Trendwest's Land Stewardship Plan except to the extent implementation of the Plan is inconsistent with Conservation Easements held by the Trust on portions of the Trendwest Property.

3. Conservation Easement. -- Trendwest will convey to the Trust a Conservation Easement for the Cle Elum River Corridor. The Conservation Easement will contain express deed restrictions and a reservation of specific rights by Trendwest as provided in this section. Trendwest will convey the MPR portion of the Conservation Easement to the Trust, comprising approximately 1,071 acres, no later than 90 days following

MPR Approval. Trendwest will convey the Cle Elum UGA portion of the Conservation Easement to the Trust, comprising approximately 144 acres, no later than 90 days following Cle Elum UGA Approval. WDFW and the Yakama Nation will have the right to approve the form of the Conservation Easement conveyed to the Trust for compliance with the terms and purposes of this Agreement, which cannot be unreasonably withheld.

(a) **General Provisions.** -- The Conservation Easement will require that Trendwest manage the Cle Elum River Corridor at its own expense and in a manner that protects the Conservation Values of the Cle Elum River Corridor, consistent with the terms and conditions of the Conservation Easement. Management of the Cle Elum River Corridor by Trendwest will include providing maintenance, security and interpretive and educational programs. Any interests in real property held by the Trust may not be conveyed to Trendwest or its successor-in-interest except by unanimous approval of the Trust Board, and the articles of incorporation may not be amended to eliminate this provision except by unanimous approval of the Initial Trustees. Upon any unanticipated dissolution of the Trust or its Board, the interests in real property and funds held by the Trust will be conveyed and transferred to a qualified conservation organization, to be selected by unanimous approval of the Initial Trustees, that agrees to hold such interests in real and personal property for purposes consistent with the Conservation Easement and its restrictions, as well as the reservation of rights by Trendwest described below.

(b) **Restrictions.** -- The Easement will include a specific list of deed restrictions that constrain the use of the Cle Elum River Corridor Property to protect the Conservation Values of the Cle Elum River Corridor and as provided in this section. These restrictions will include the following:

- (1) no residential units;
- (2) no motorized vehicles used for recreation or other purposes unrelated to governmental or property management functions or not otherwise required in MPR Condition C-13, contained in Kittitas County's "MountainStar Conditions for Approval" (October 10, 2000);
- (3) no riprapping of river banks, except that riprap may be placed to the extent necessary in association with bridge and utility crossings of the Cle Elum River built in accordance with the reservation described in subsection (c)(2)(C), or if riprap is required to prevent major erosion in the vicinity of the Bullfrog Gravel Pit .
- (4) no impermeable trails or other ground surfaces unless authorized under subsection (c)(2)(C) of this part or otherwise agreed to by the Trust;
- (5) no mining or gravel extraction in the Cle Elum River floodplain; and
- (6) no forest management activity, firewood harvest or other removal of

dead or down wood except for purposes of fire protection, public health or safety, or other purpose approved by the Trust Board that is described in the Land Stewardship Plan.

(c) **Reservations.** -- The Conservation Easement will reserve for Trendwest all rights accruing from its ownership of the Cle Elum River Corridor that are not restricted under subsection (b) or otherwise inconsistent with the purposes of this Agreement, including, but not limited to -

(1) the right to manage the Cle Elum River Corridor in accordance with the Land Stewardship Plan and MPR permit conditions, and consistent with the Conservation Easement and this Agreement; and

(2) the right to use the Cle Elum River Corridor for the following purposes:

(A) equestrian use and other recreational activities, except at times and locations where such activities would cause significant or material harm to or interference with salmon passage, spawning or rearing in the Cle Elum River;

(B) construction of interpretative, equestrian activity and other casual recreation structures, picnic facilities and permeable recreation trails, at locations described in the Land Stewardship Plan and which do not cause significant or material harm to or interference with salmon passage, spawning or rearing in the Cle Elum River;

(C) construction and maintenance of bridge and utility crossings of the Cle Elum River and associated bridge approaches, at locations described in a County-approved site development plan or other legally operative document(s), which do not cause significant or material harm to or interference with salmon passage, spawning or rearing in the Cle Elum River and which, to the fullest extent practicable, avoid adverse impacts on stream and floodplain morphology; provided, however, that such bridges, bridge approaches, utility crossings and associated structures, including riprapping, will not materially constrict the stream channel or impede the flow of ordinary high water; and provided further that this reservation will be subject to all federal, state and local laws applicable to permitting and approving the location and construction of such bridge and utility crossings and to approval by the Yakama Nation, which approval cannot be unreasonably withheld; and

(D) construction and operation of a welcoming and interpretative facility serving the interests of the Trust and Trendwest's property promotion at a location east of Bullfrog Road that does not cause significant or material harm to or interference with salmon passage, spawning or rearing in the Cle Elum River, the selection of which will be chosen by Trendwest and approved by WDFW and the Yakama Nation,

which cannot be unreasonably withheld.

4. Planning Area 11 Management. - Trendwest agrees to manage the area contained in Planning Area 11 located outside the conservation easement area under the same restrictions that apply to the area within Planning Area 11 that is subject to the conservation easement described in section 3. Management activities in these areas will be consistent with the objectives for the Land Stewardship Plan contained in Part B(6).

PART D - FUNDING

1. Nature of Trust Funding From Trendwest. -- Trendwest and the Trust will work cooperatively to solicit public funding for the Trust, so that the Trust might benefit from the marketing resources and expertise of Trendwest. Trendwest also will contribute financially to the Trust as provided in this section. The goal of Trendwest's funding commitment is to ensure that the Trust has a minimum of \$70,000 in available funding (in year 2000 dollars) for each year of operation.

(a) The amount of Trendwest's annual contribution to the Trust, in the first 15 years of operation of the Trust, will be as follows:

Year	Unit Assessment Equivalent	Trendwest Grant	Trendwest Loan	Repayment	TOTAL
1	\$ 12,000	\$25,000	\$ 33,000	--	\$ 70,000
2	18,000	25,000	27,000	--	70,000
3	24,000	25,000	21,000	--	70,000
4	30,000	25,000	15,000	--	70,000
5	36,000	25,000	9,000	--	70,000
6	42,000	25,000	3,000	--	70,000
7	48,000	25,000	--	(\$ 3,000)	70,000
8	54,000	25,000	--	(9,000)	70,000
9	60,000	25,000	--	(15,000)	70,000
10	66,000	25,000	--	(21,000)	70,000
11	72,000	25,000	--	(27,000)	70,000
12	72,000	25,000	--	(27,000)	70,000
13	72,000	--	--	(2,000)	70,000
14	72,000	--	--	(2,000)	70,000
15	72,000	--	--	(2,000)	70,000
Total	\$ 750,000	\$ 300,000	\$ 108,000	\$ 108,000	\$ 1,050,000

(b) "Accommodation Unit Assessment Equivalent" Funding to Trust. -- Beginning with the first year of the existence of an established Trust as contemplated by this Agreement, and continuing in perpetuity thereafter,

Trendwest will contribute funding to the Trust that is equivalent to a "Accommodation Unit Assessment" as provided in this subsection.

(i) The initial "Accommodation Unit Assessment Equivalent" will be \$12 per year for each accommodation unit. This assessment equivalent will be adjusted for inflation every five years, based on changes in the Consumer Price Index for All Urban Consumers, West Region, published by the Bureau of Labor Statistics, U.S. Department of Labor (the "CPI-U"). The Accommodation Unit Assessment Equivalent will be adjusted by the percentage by which the CPI-U, West Region, has increased or decreased in the previous five-year period.

(ii) The Accommodation Unit Assessment Equivalent will apply to accommodation units approved on both the Resort and Cle Elum UGA portions of the Trendwest Property.

(iii) The Trendwest Accommodation Unit Assessment Equivalent funding obligation will commence as accommodation units are qualified as provided in this section, subject to the minimum financial guarantees described in this Part.

(iv) For individually-owned chalets, cabins and single-family detached residences, an Accommodation Unit will be considered "qualified" for purposes of this section when the sale of an individual affected lot has been closed. For all other accommodation units, an Accommodation Unit will be considered "qualified" for purposes of this section when all necessary certificates of occupancy with respect to such unit have been issued.

(v) The parties assume for purposes of this Agreement that a total of 6,000 accommodation units will be qualified by the County or the City of Cle Elum in the combined MountainStar and Cle Elum UGA portions of the Trendwest Property during the first 15 years of the operation of the Trust, at a rate of 1,000 units in the first year and 500 units per year during each year thereafter. Trendwest agrees that its Accommodation Unit Assessment Equivalent funding obligation will be based (on a cumulative basis) on actual units qualified or a total 500 new units qualified each year for twelve years, whichever is greater. Thereafter, the Accommodation Unit Assessment Equivalent will continue in perpetuity, based on the actual number of total accommodation units qualified or 6,000 units qualified, whichever is greater. The Accommodation Unit Assessment Equivalent amounts also will be subject to inflationary adjustments every five years as provided in subsection (a)(i).

(vi) Trendwest will be solely responsible for determining how the Accommodation Unit Assessment Equivalent will be collected for payment to the Trust. For example, the amount may or may not be

collected as the result of an actual assessment levied by Trendwest on individual accommodation units located on the Trendwest Property. In any event, payments under this subsection will be appropriately secured by Trendwest.

(c) Interest-Free Loans. -- Trendwest will loan to the Trust the amount shown in subsection (a) if the Accommodation Unit Assessment Equivalent is the same as or less than the amount shown in subsection (a). Trendwest may, if the Accommodation Unit Assessment Equivalent exceeds the amount projected in subsection (a), make adjustments in the amounts loaned or in the schedule of repayment equivalent to the surpluses and their date of receipt. Any loans provided by Trendwest under this subsection will be interest free. Repayment will occur according the schedule shown in subsection (a) unless acceleration occurs due to the possible surpluses described above.

(d) Direct Grant Funding. -- Trendwest also will contribute direct funding to the Trust in the form of grants totaling up to \$300,000, at a rate of \$25,000 each year, over the first twelve years of the operation of the Trust. Grant funds provided under this subsection may be expended only as payment of the purchase price for the acquisition of water rights as provided in Part C.2(b) of this Agreement unless the Trust Board votes unanimously to expend some or all of the grant funds provided under this subsection on other Trust purposes.

2. Permissible Uses of Trendwest Funding. -- Subject to the limitation described in Section 1(d) in connection with the use of Trendwest grant dollars to acquire water rights, the Trust can spend Trendwest-contributed funds only for the following purposes:

(a) administration of the Trust, including retention of an executive director;

(b) fundraising;

(c) monitoring and enforcement of its Conservations Easements (both on the Resort site and off the Resort site) and other off-site property rights; and

(d) acquisition of other conservation easements, development rights, water rights or other interests in real property in the upper Yakima River Basin for the enhancement of fish and wildlife habitat, and for the preservation of floodplains, open space and instream flows. After the first two years of the operation of the Trust, the Trust must spend at least 75 percent of its funds on acquisition or maintenance of real property interests.

PART E - WEST SIDE OPEN SPACE

1. Open Space Preservation. --

(a) The parties acknowledge that portions of the MountainStar property located on the west side of the Cle Elum River ("West Side") will be developed

during the Resort build-out period in accordance with the MountainStar permit conditions. The parties also expect and intend that significant portions of the West Side be retained as Managed Open Space in order to meet the recreational and other needs of the Resort and to function as important wildlife habitat. Excluding the protected Cle Elum River Corridor, there are approximately 2,336 acres located on the West Side of the MountainStar portion of the Trendwest Property. Trendwest will maintain no fewer than 1,171 acres located on the west side of the Resort portion of the Trendwest Property as Managed Open Space at full Resort build-out.

(b) Except as otherwise provided in the Conservation Easement(s) described below, West Side Open Space areas will be managed by Trendwest in accordance with the Land Stewardship Plan. In order to retain appropriate flexibility to adaptively address the needs of both the Resort and fish and wildlife, however, the parties agree that the precise location of West Side Open Space will be determined during MountainStar build-out in conjunction with the County's approval of site development plans submitted by Trendwest for individual Resort phases or sub-phases. With the agreement of the Trust Board, and subject to County approval if necessary, West Side Open Space requirements under this Part may be satisfied on an acre-for-acre basis through the acquisition by Trendwest and conveyance to the Trust of ownership or conservation easements to lands adjacent to the Trendwest property; provided, however, that nothing herein will alter Trendwest's obligations related to acquisition by the Trust of ownership or development rights to at least 1,500 acres of land off the resort property as provided below. Likewise, site development plans submitted by Trendwest for a particular Resort phase or sub-phase will be consistent with Trendwest's overall West Side Open Space commitment.

(c) As Kittitas County identifies and approves West Side Open Space areas pursuant to individual site development plans for particular Resort phases or sub-phases, Trendwest will promptly convey Conservation Easements in a form consistent with this Agreement for such West Side Open Space areas to the Trust. Each Conservation Easement will include appropriate deed restrictions and reservations of rights by Trendwest that preclude the construction of housing units or golf courses within such Managed Open Space areas, but which allow Managed Open Space areas to be fully utilized for other recreational (e.g. equestrian and hiking trails) and forest practice activities consistent with the Land Stewardship Plan. The form of such Conservation Easement(s) will be subject to approval by Trendwest, WDFW and the Yakama Nation, which cannot be unreasonably withheld, prior to County approval of the first MountainStar phase or sub-phase that includes West Side Open Space.

2. Evaluation Process. -- Progress toward the goal of no net impact to fish and wildlife habitat, taking into account all Resort site and off-site enhancement measures, will be evaluated at least every five years during Resort build-out. The evaluation will

include review by a Technical Advisory Team ("TAT") established by Trendwest and composed of WDWF, the Yakama Nation, and other agencies or entities with relevant interests and expertise chosen by Trendwest. Following each evaluation, Trendwest and the TAT will meet and confer to consider adaptive management measures, such as amendments to the Land Stewardship Plan or the determination of the precise location of Managed Open Space areas to be proposed in subsequent phases or sub-phases of MPR construction, that could be taken to help ensure that the original intentions of the Plan are achieved, and to take advantage of reasonable and prudent improvements in that Plan that could improve the Plan's ability to achieve its purposes. However, all final decisions, including with respect to amendments to the Land Stewardship Plan that are not otherwise inconsistent with this Agreement, and the location of Managed Open Space areas within MountainStar, will be made by Trendwest.

3. Trust Acreage Targets. -- In addition to the cooperative approach to evaluating the success of Trendwest's stewardship efforts pursuant to its Land Stewardship Plan, the parties agree that a general goal for the Trust (or Trendwest as provided below) will be to acquire ownership or development rights in at least 1,500 acres of land off the Trendwest Property during the period of full MountainStar build-out, subject to the following intermediary targets and conditions:

(a) Trendwest will increase the Accommodation Unit Assessment Equivalent if the Trust (or Trendwest) does not make satisfactory progress towards off-site mitigation, measured by the success of the Trust (or Trendwest) in acquiring land and interests in land, including water rights, that further the purposes of the Trust. Trendwest will increase the Accommodation Unit Assessment by 50 percent if, after five years from MPR Approval, the Trust has not acquired fee ownership or conservation easements including development rights to at least 250 acres of off-site lands. Trendwest will increase the Accommodation Unit Assessment Equivalent by an additional 50 percent if, after ten years following MPR Approval the Trust has not acquired fee ownership or such conservation easements to a cumulative total of at least 500 acres of off-site lands. Additional 50-percent increases may occur 15 years following County approval of MountainStar if on the same basis a cumulative total of at least 750 acres of off-site lands has not been acquired, and 20 years following County approval if on the same basis a cumulative total of at least 1,000 acres has not been acquired.

(b) For purposes of meeting this Trust off-site acreage goal, a conservation easement acquired by the Trust (or Trendwest) off the Trendwest Property will count toward the 1,500-acre acquisition goal if the easement furthers the purposes of the Trust. The source of funds (e.g. Trust, Trust contributor or granting agency, Trendwest) for such acquisitions will be irrelevant for purposes of determining the extent of Trendwest's obligations under this Part. Expenditures by the Trust (or Trendwest) to acquire water rights using funds provided by Trendwest in excess of the amount provided under Part D.1(c) will

be credited as acquisition of acreage at a rate to be agreed to by the Trust and Trendwest at or before such acquisition.

(c) Water rights and off-site acreage acquired (outright or through conservation easements) by Trendwest may be credited directly to acreage targets of the Trust if they are transferred by Trendwest to the Trust without further consideration.

(d) If at any time, and regardless of the source of funding, the Trust has acquired fee ownership or conservation easements to 1,500 off-site acres, the perpetual funding obligation of Trendwest will revert (if previously adjusted under subsection (a)) to the "annual assessment" amount described in Part D.1, including inflationary adjustments as appropriate.

(e) Any or all rights of WDFW or the Yakama Nation to seek an increase in funding under this Agreement pursuant to this Part may be assigned to the Trust.

(f) All the provisions related to increases in Trendwest funding support for the Trust described in subsection (a) will not apply if the Trust acquires ownership of, or the development rights for, the Heart K Ranch.

(g) Trendwest will receive credit towards accomplishment of the Trust acreage goal described in section 3 -

(i) for each acre of West Side Open Space in excess of Trendwest's minimum West Side Open Space acreage commitment of 1,171 acres that is preserved by Trendwest in the manner described in section 1; and

(ii) if demonstrated through the Land Stewardship Plan evaluation process described in section 2 (in a manner to be agreed to by the parties), for fish and wildlife habitat improvements within the MPR portion of the Trendwest Property that are in excess of those predicted in the original Land Stewardship Plan.

PART F - HUMAN-WILDLIFE INTERACTIONS

1. Indemnification. - (a) Except to the extent otherwise provided in subsection (b), Trendwest will hold harmless and indemnify WDFW to the maximum extent permitted by law from any and all injury or damage claims not the result of WDFW negligence related to incidents involving wildlife on the MPR portion of the Trendwest Property.

(b) To the maximum extent permitted by law, Trendwest will impose covenants, conditions and restrictions (CC&Rs) on Resort property owners requiring such owners to agree not to make any claims against WDFW related to damages or harms caused by wildlife or large game animals within the MPR portion of the Trendwest Property. The CC&Rs also will advise property owners to whom the CC&Rs apply that issues, conflicts or concerns they may have with

wildlife should be addressed to Trendwest, which will work with WDFW as described in Section 2.

2. Wildlife Management. -- Trendwest, in cooperation with WDFW, will develop and implement MountainStar wildlife management protocols to be memorialized in a memorandum of agreement between Trendwest and WDFW. These protocols will contemplate, in circumstances other than those which present or appear to present an imminent threat to human safety, that lethal force will be used against such wildlife only as a last resort and then only following consultation with WDFW (if such consultation is possible under the circumstances). Except where needed to respond to what appears to present an immediate threat to human safety, WDFW, on behalf of Trendwest, will primarily be responsible for relocating or lethally removing wildlife from the MPR portion of the Trendwest Property. Trendwest agrees to reimburse WDFW for its reasonable costs, including staff, associated with such wildlife relocation or removal, or other response costs incurred by WDFW arising from human-wildlife conflicts within the resort. Trendwest agrees to pay to WDFW the civil restitution amount prescribed in RCW 77.21.070 for any wildlife it unilaterally uses lethal force against in contravention of this section. Trendwest will not be responsible for the payment of any civil restitution amount if lethal removal is used for reasons and in a manner contemplated by the management protocols developed by Trendwest in consultation with WDFW regarding wildlife management.

PART G - OFF-SITE DEVELOPMENT POLICIES

1. Offsite Housing. -- Trendwest may need to assist other developers in the mitigation of Trendwest housing impacts. Trendwest will condition its assistance to minimize environmental impacts from the development of this housing. For example, one condition would be that development must occur outside of the floodplain.

2. Construction Impacts. -- Trendwest will agree not to purchase sand, gravel or construction aggregate for the MPR or the Cle Elum UGA that have been mined from a Geomorphic Floodplain area if such products can feasibly be obtained from alternative sources. Trendwest will include the same condition in contracts with contractors and subcontractors supplying sand, gravel and construction aggregate to Trendwest and, to the fullest extent practicable, will encourage Resort and UGA property owners to purchase sand, gravel and construction aggregate that have been mined outside Geomorphic Floodplain areas. The parties agree to support efforts by Trendwest, within the constraints otherwise imposed by law, to find alternative sources for sand, gravel and construction aggregate and, if necessary, to develop processing facilities for such products.

PART H -- DEVELOPMENT APPLICATION APPROVALS

1. **WDFW and Yakama Nation Appeals.** -- As consideration for the commitments made by Trendwest under this Agreement, --

(a) WDFW and the Yakama Nation will agree not to challenge the adequacy of Kittitas County's EIS for MountainStar. Based on an assumption that the EIS for the Cle Elum UGA will in good faith attempt to adequately describe impacts and alternatives and respond to comments provided by WDFW or the Yakama Nation in the DEIS process, and provided that development proposals in the Cle Elum UGA generally are consistent with assumptions about development contained in the MountainStar EIS cumulative impact analysis, WDFW and the Yakama Nation also agree that they will not file appeals or otherwise challenge the adequacy of the EIS being prepared in connection with the Cle Elum UGA by the County and the City of Cle Elum with regard to the adequacy of the EIS related to water supply, fish and wildlife and floodplain resources. WDFW and the Yakama Nation agree, that in commenting on the DEIS for the UGA, they will meet with Trendwest if requested to discuss comments and possible responses. WDFW and the Yakama Nation agree not to challenge any methodology employed in connection with the Cle Elum UGA EIS that is functionally equivalent to that used in connection with the MountainStar EIS regarding water supply, fish and wildlife and floodplain resources; and

(b)(i) WDFW and the Yakama Nation agree, subject to (ii), below, to withdraw pending and forego future legal challenges to permitting for, or timely development of, the MPR if the development is consistent with this Agreement.

(ii) With respect to water right matters, the Yakama Nation agrees to forego appeals of the decisions of the Washington State Department of Ecology ("Ecology") on those water rights change of use or transfer applications identified in Exhibit E, subject to the resolution of concerns raised during Ecology's review and processing of the change of use applications to the satisfaction of the Yakama Nation; provided further that nothing herein can be construed to bind or obligate WDFW or the Yakama Nation with regard to material changes to those applications or other water rights matters; provided further that nothing herein can be construed to bind or obligate Ecology in any manner whatsoever.

2. **General Conditions.** - Trendwest's obligations under this Agreement are contingent on MPR Approval.

PART I -- GENERAL PROVISIONS

1. The parties recognize that this Agreement anticipates a long-term cooperative relationship between Trendwest, WDFW and the Yakama Nation, and the parties agree that they will approach that relationship and their individual performances under this Agreement in good faith. Where additional agreements are contemplated or become clearly necessary, the parties will cooperatively pursue such further agreements or, if needed, seek appropriate mediation that seeks to implement the letter and purposes of

this Agreement. Disputes arising under this Agreement will be addressed first by informal processes where the dispute is identified and the party explains why it believes a dispute exists.

2. The parties agree that specific performance is a proper remedy for violations of this Agreement where damages cannot be readily ascertained. In the event of a dispute, each party will bear its own attorneys' fees and costs.

3. The parties recognize that WDFW is an agency of the State of Washington and has only those powers and authorities expressly granted or necessarily implied by statute, and that the parties intend that this Agreement be interpreted in ways that do not violate any limits on WDFW powers, and that it be interpreted to avoid any violation of state law or *ultra vires* actions by WDFW. WDFW specifically reserves its authority under state laws relating to hydraulic project approvals, and will process any future applications by Trendwest in good faith according to generally applicable law and the material facts then presented.

4. This Agreement is subject to the requirements of applicable federal, state, tribal law and treaties. Nothing herein will act to waive, abrogate, diminish, define or interpret the Treaty rights of the Yakama Nation.

5. This Agreement is intended to compromise and settle certain issues between and among the parties and is not intended by any party to be an admission as to any fact or legal principle.

6. Nothing in this Agreement will constitute authorization to Trendwest to represent to any other person that the Yakama Nation endorses any aspect of the MountainStar Master Planned Resort or the development of Trendwest properties within the Cle Elum UGA.

7. This Agreement does not invalidate any and all prior agreements among or between the parties except as expressly specified therein. No amendment, modification or waiver of any of the provisions of this Agreement, or subsequent agreements, which the parties have agreed or negotiated concerning the agreement, will go into effect unless set forth in a separate written instrument signed hereinafter by the parties to be bound thereby.

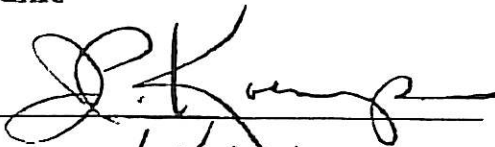
8. Nothing herein is intended to create a cause of action or other rights for third parties not signatories to the Agreement nor is any such party intended to be a third party beneficiary of the Agreement. Nothing in this agreement waives the sovereign immunity otherwise held by any party to this Agreement. Nothing in this agreement will act or be interpreted to grant or restrict the jurisdiction that federal or state courts otherwise may have over matters relating to the Yakama Nation.

9. No party would be liable for, or considered to be in breach of or default under this agreement on account of any delay or failure to perform as required under the Agreement as a result of any cause or condition beyond the party's control.

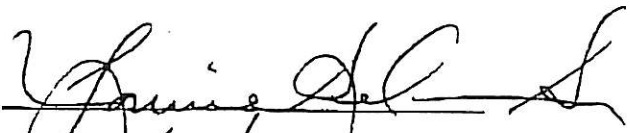
10. This Agreement is binding upon and inures to the benefit of the parties and their respective heirs, personal representatives, assigns and other successors-in-interest.

11. This Agreement is drafted jointly by the parties following negotiations among them. It will be construed according to its terms and not for or against any party. Unless the parties otherwise agree, the Agreement will be rendered null and void if any provision of the final Agreement is held to be invalid or unenforceable for any reason.

Washington Department of Fish and
Wildlife

By: 
Dated: 1/4/2001

Yakama Nation

By: 
Dated: 12/20/2000

Trendwest Resorts, Inc.


By: 
Dated: 12/27/2000

Exhibit A - Trendwest Property (map)

Exhibit B - Cle Elum River Corridor (map)

Exhibit C - Conservation Values

Exhibit D - West Side Open Space

Exhibit E - Trendwest Yakima River Water Rights

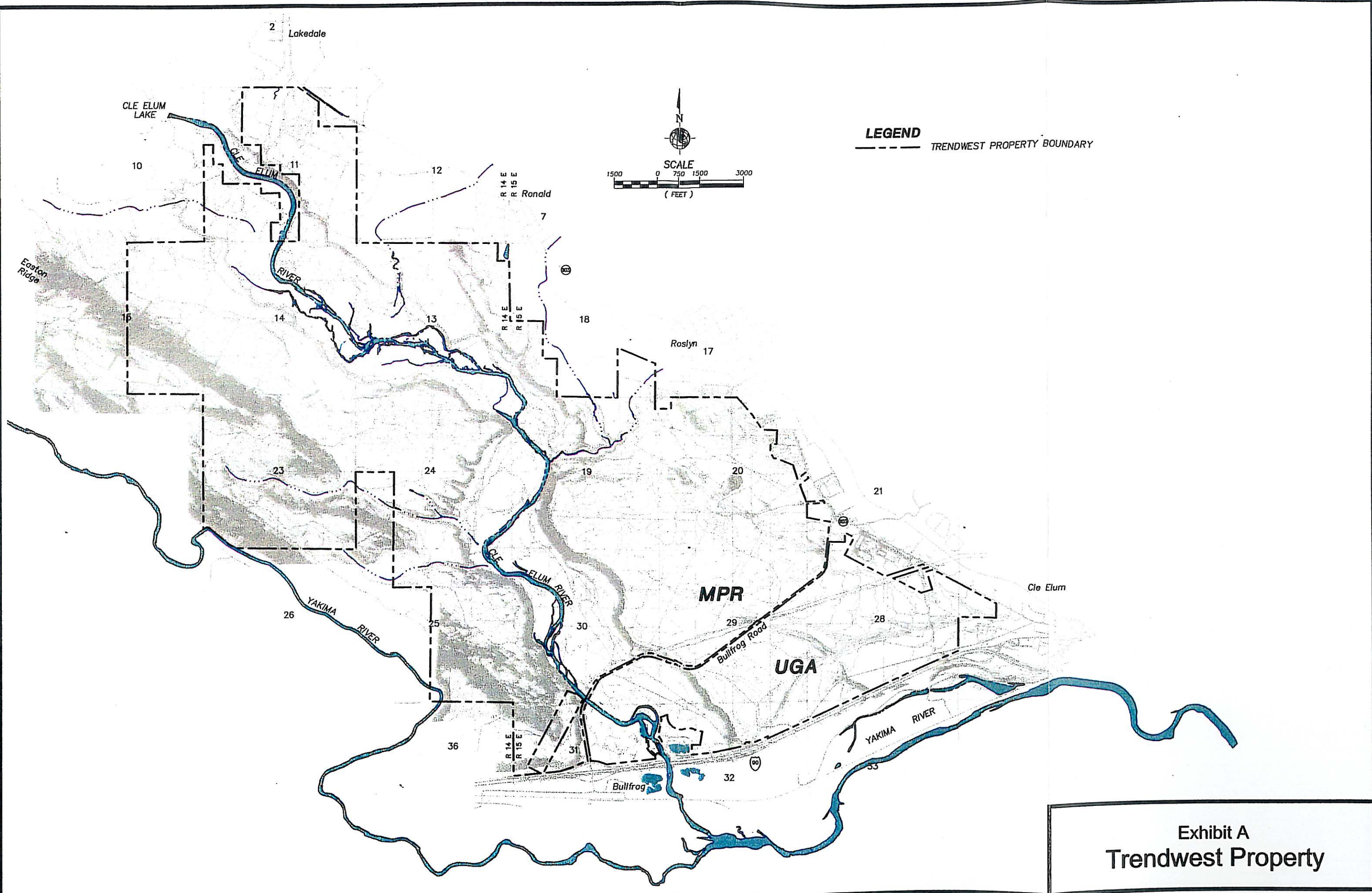
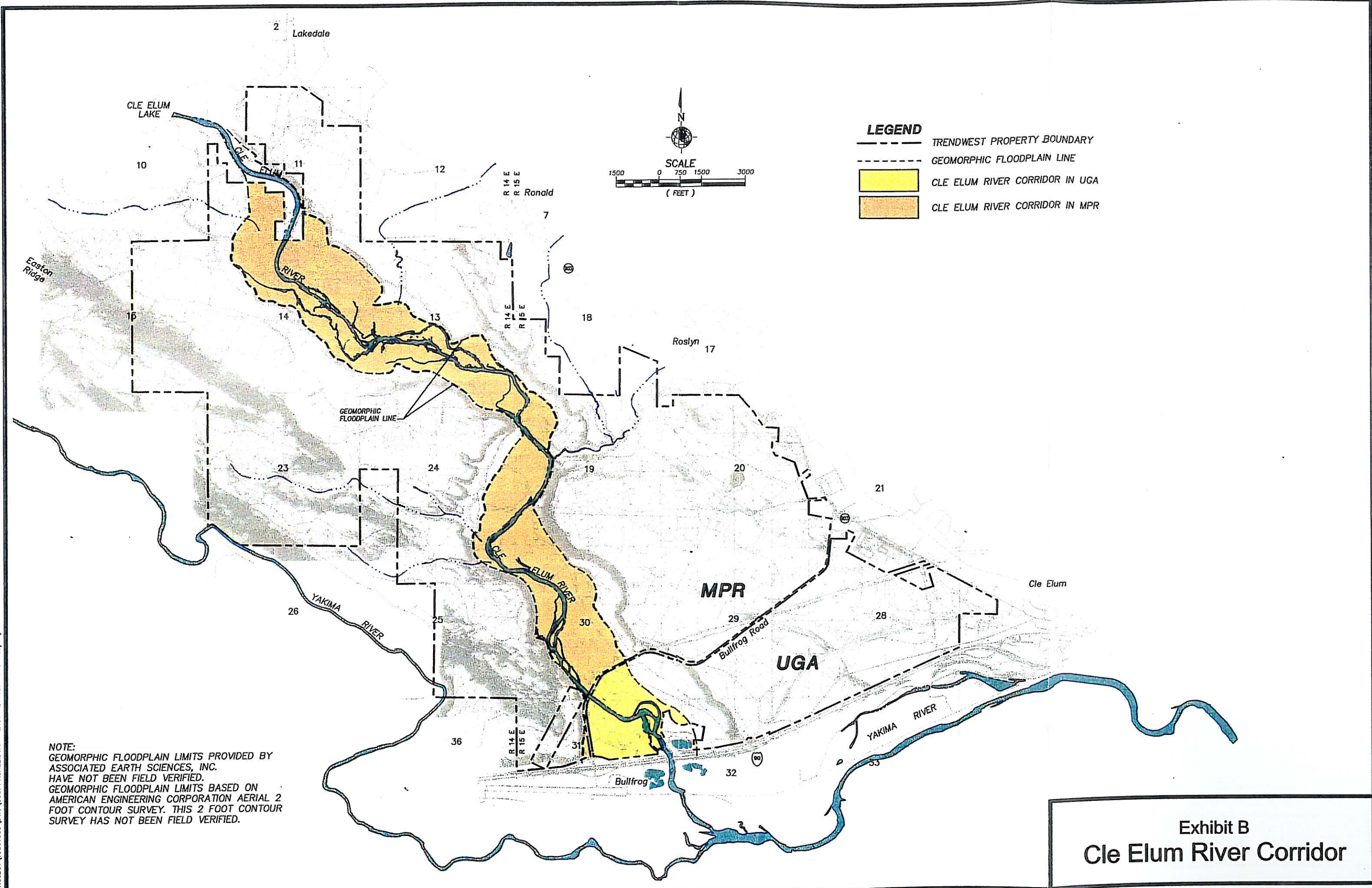


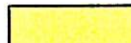



Exhibit A
Trendwest Property



LEGEND

-  TRENDWEST PROPERTY BOUNDARY
-  GEOMORPHIC FLOODPLAIN LINE
-  CLE ELUM RIVER CORRIDOR IN UGA
-  CLE ELUM RIVER CORRIDOR IN MPR

NOTE:
 GEOMORPHIC FLOODPLAIN LIMITS PROVIDED BY ASSOCIATED EARTH SCIENCES, INC. HAVE NOT BEEN FIELD VERIFIED.
 GEOMORPHIC FLOODPLAIN LIMITS BASED ON AMERICAN ENGINEERING CORPORATION AERIAL 2 FOOT CONTOUR SURVEY. THIS 2 FOOT CONTOUR SURVEY HAS NOT BEEN FIELD VERIFIED.

Exhibit B
 Cle Elum River Corridor

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EXHIBIT C -- CONSERVATION VALUES

The Cle Elum River Corridor is depicted in Exhibit B to the Cooperative Agreement between the Washington Department of Fish and Wildlife, Yakama Nation, and Trendwest, and consists of approximately 1,215 acres of land, of which approximately 1,169 acres will be preserved as permanent open space through a Conservation Easement (Easement). The purpose of the Easement is to preserve and protect possesses scenic, cultural, natural resource and recreation values (collectively, "conservation values") in the Cle Elum River Corridor, which are of great importance to the people of Kittitas County, residents of the State of Washington, the Yakama Nation, and Trendwest. The terms of the easement are to be construed so that, at a minimum, the following conservation values are preserved and protected:

Fish and Fish Habitat. -- The Cle Elum River and its tributaries within the Cle Elum River Corridor support a number of resident and anadromous fish species. Anadromous species include spring chinook salmon and may include steelhead trout. Resident fish include rainbow trout, cutthroat, eastern brook trout, bull trout, and mountain whitefish. The river provides habitat that is important for fish passage, spawning and rearing. Fish habitat within the Cle Elum River Corridor is relatively intact and water quality is excellent. Instream habitat in the Cle Elum River Corridor is classified as a Washington State Priority Habitat.

Fish passage, spawning and rearing is related to the magnitude and timing of flows in the Cle Elum River and its tributaries and the degree to which the flows conform to the regimes in which the species were presumptively evolved.

The alluvial floodplain of the Cle Elum River Corridor is a matrix of gravels and finer materials transported by the flow of the river from upstream sources. Significant river channel migration occurs in the Cle Elum River Corridor. As the channels migrate, gravel deposits are left in place. The spaces between the rocks in the gravel deposits serve as pathways for subsurface water flow. Interactions between the river the hyporheic zone benefit the river by moderating streamflow and water quality, especially temperature, and by producing food important to salmonids and other native fishes. The continuation of the fluvial processes that drive channel migration and shape the floodplain, and the limitation of

anthropogenic changes to those processes, is fundamental to the protection of fish habitat.

Wildlife and Wildlife Habitat. -- The entire Trendwest Property includes habitat for a vast array of wildlife species, including 90 species of birds and 60 mammal species. Certain types of species are found only in the Cle Elum River Corridor, while others use the Cle Elum River Corridor only occasionally. Within the Cle Elum River Corridor, bird species include bald eagle, great blue heron, osprey, and several species of hummingbirds, jays, sparrows, warblers and woodpeckers. Mammals include beaver, deer, elk, porcupine, raccoon and skunk. The Cle Elum River Corridor includes aquatic habitat for amphibians such as bull frogs, newts, salamanders and tree frogs. During spring and fall migration, migratory waterfowl, including Canada geese and a variety of ducks, use the Cle Elum River Corridor. The Cle Elum River Corridor is essential habitat for elk, which use the Corridor as winter habitat and as a migration route to habitat outside of the corridor. Riparian habitat in the Cle Elum River Corridor is classified as a Washington State Priority Habitat.

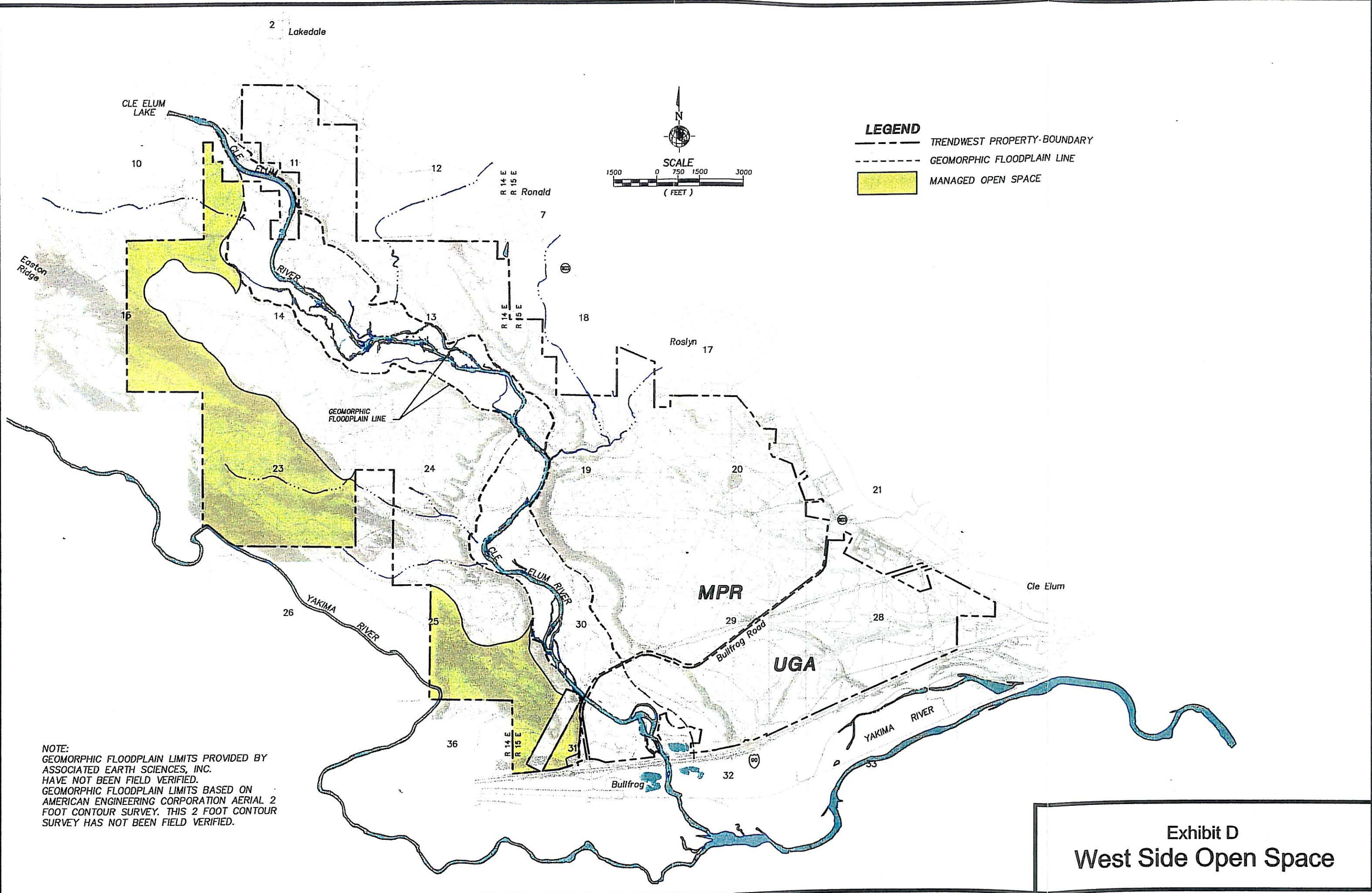
Plants. -- Riparian forests within the Cle Elum River Corridor are dominated by deciduous tree species (hardwoods) such as red alder, black cottonwood, quaking aspen, and willows. Riparian conifer forests including grand fir and western red cedar are often adjacent to hardwood zones. The understory includes a wide variety of native and exotic shrubs such as red osier dogwood, hawthorns, young willows, and a variety of berries.

Wetlands. -- The majority of wetlands on the Property are associated with the Cle Elum River Corridor.

Recreation. -- The Cle Elum River Corridor is used for a variety of non-motorized recreational activities.

Cultural Resources. -- The Cle Elum River Corridor has been used by Native American predecessors to the Yakama Nation for at least the last 10,000-12,000 years. Native villages and camps are known to have been located along the Cle Elum River and the Cle Elum River Corridor includes sites of great spiritual, historical, and cultural importance to the Yakama Nation.

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NOTE:
 GEOMORPHIC FLOODPLAIN LIMITS PROVIDED BY
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 HAVE NOT BEEN FIELD VERIFIED.
 GEOMORPHIC FLOODPLAIN LIMITS BASED ON
 AMERICAN ENGINEERING CORPORATION AERIAL 2
 FOOT CONTOUR SURVEY. THIS 2 FOOT CONTOUR
 SURVEY HAS NOT BEEN FIELD VERIFIED.

Exhibit D
 West Side Open Space

EXHIBIT E - TRENDWEST WATER RIGHTS

TRENDWEST YAKIMA RIVER WATER RIGHTS

Prior Claimant: Pautzke Bait Company
Court Claim Number: 01724
Use: Irrigation of 291 acres and stock water

Total Trendwest/Pautzke Water Rights

Annual Quantity 6,052.1 ac-ft
Instantaneous Quantity 27.67 cfs

Pautzke Bait Company – Hundley Ranch

Priority Date: October 30, 1884
Point of Diversion: NW 1/4 SW 1/4 NW 1/4 of Section 3, Twp. 17N, Range 18E, Willamette Meridian (WM).
Place of Use: 67 acres located in S 1/2 SE 1/4 of Section 3, Twp. 17N, Range 18E, WM.
Period of Use: April 1 to October 15 for irrigation, continuous for stock water
Annual Quantity: 1,614.9 ac-ft for irrigation, 6.88 ac-ft for stock water
Instantaneous Quantity: 6.87 cfs for irrigation, 0.29 cfs for stock water

Pautzke Bait Company – Riverside Ranch (south portion)

Priority Date: October 30, 1884
Point of Diversion: NW 1/4 SW 1/4 NW 1/4 of Section 3, Twp. 17N, Range 18E, WM.
Place of Use: 78 acres located in NW 1/4 SW 1/4 NW 1/4 of Section 3, Twp. 17N, Range 18E, WM.
Period of Use: April 1 to October 15
Annual Quantity: 967.2 ac-ft
Instantaneous Quantity: 3.9 cfs

Pautzke Bait Company – Riverside Ranch (north portion)

Source: Yakima River
Priority Date: May 6, 1893

Point of Diversion:	SE 1/4 SW 1/4 NE 1/4 3 of Section 29, Twp. 18N, Range 18E, WM.
Place of Use:	146 acres located in N 1/2 of Section 3, Twp. 17N, Range 18E, WM.
Period of Use:	April 1 to October 15 for irrigation, continuous for stock water
Annual Quantity	1,825.0 ac-ft from April 1 to October 15 for irrigation and stock water; 375.0 ac-ft from October 16 to March 31 for stock water.
Instantaneous Quantity	12.9 cfs from April 1 to October 15 for irrigation and stock water; 1.14 cfs from October 16 to March 31 for stock water.
Source:	Reecer Creek
Priority Date:	May 30, 1890
Point of Diversion:	SW 1/4 SE 1/4 SW 1/4 of Section 34, Twp. 17N, Range 18E, WM.; and N 1/4 corner of Section 3, Twp. 17N, Range 18E, WM.
Place of Use:	146 acres located in N 1/2 of Section 3, Twp. 17N, Range 18E, WM.
Period of Use:	April 1 to October 31
Annual Quantity	1,270.0 ac-ft
Instantaneous Quantity	4.0 cfs

TRENDWEST TRIBUTARY WATER RIGHTS

Teanaway River

Prior Claimant:	Don & Gloria Walker
Court Claim Number:	02255 (A) 04465 (A) 04493
Current Use:	Irrigation of 137 acres Stock water
Period of Use:	May 1 to September 15
Annual Quantity:	739.80 acre-feet (irrigation)
Instantaneous Diversion Rate:	2.74 cubic feet per second
Priority Date:	June 30, 1883
Point of Diversion:	Sec. 26, Twp. 20 N., Range 16 E.
Place of Use:	Sec. 26, Twp. 20 N., Range 16 E.

Prior Claimant: Don & Gloria Walker
Court Claim Number: 02255
(A) 04465
(A) 04493
Current Use: Irrigation of 34 acres
Period of Use: May 1 to September 15
Annual Quantity: 183.60 acre-feet
Priority Date: June 30, 1890
Point of Diversion: Sec. 26, Twp. 20 N., Range 16 E.
Place of Use: Sec. 26, Twp. 20 N., Range 16 E.

Prior Claimant: Don & Gloria Walker
Court Claim Number: 02255
(A) 04465
(A) 04493
Current Use: Irrigation of 16.8 acres
Period of Use: May 1 to September 15
Annual Quantity: 90.72 acre-feet
Instantaneous Diversion Rate: 0.34 cubic feet per second
Priority Date: June 30, 1898
Point of Diversion: Sec. 26, Twp. 20 N., Range 16 E.
Place of Use: Sec. 26, Twp. 20 N., Range 16 E.

Swauk Creek

Prior Claimant: K. Hartman
Court Claim Number: 01685
Current Use: Irrigation of 20.0 acres
Period of Use: April 1 to October 15
Annual Quantity: 150.0 acre-feet
Instantaneous Diversion Rate: 0.89 cubic feet per second
Priority Date: June 30, 1878
Point of Diversion: Sec. 27, Twp. 20 N., Range 17 E.
Place of Use: Sec. 28 Twp. 20 N., Range 17 E.

Prior Claimant: K. Hartman
Court Claim Number: 01685
Current Use: Irrigation of 55 acres
Period of Use: April 1 to October 15
Annual Quantity: 412.5 acre-feet
Instantaneous Diversion Rate: 2.44 cubic feet per second
Priority Date: September 20, 1889
Point of Diversion: Sec. 27, Twp. 20 N., Range 17 E.
Place of Use: Sec. 28 Twp. 20 N., Range 17 E.

First Creek
(Swauk Creek Subbasin)

Prior Claimant: J.P Roan (FCWUA)
Court Claim Number: 00648
Current Use: Irrigation of 46.07 acres
Period of Use: April 1 to October 15
Annual Quantity: 231.3 acre-feet
Instantaneous Diversion Rate: 1.8 cubic feet per second
Priority Date: November 2, 1877
Point of Diversion: Sec. 30, Twp. 20 N., Range 18 E.
Place of Use: Sec. 17, 20 & 21 Twp. 20 N., Range 18 E.

Prior Claimant: J.P Roan (FCWUA)
Court Claim Number: 00648
Current Use: Irrigation of 104.16 acres
Period of Use: April 1 to October 15
Annual Quantity: 522.9 acre-feet
Instantaneous Diversion Rate: 3.2 cubic feet per second
Priority Date: June 1, 1881
Point of Diversion: Sec. 30, Twp. 20 N., Range 18 E.
Place of Use: Sec. 17, 20 & 21 Twp. 20 N., Range 18 E.

Prior Claimant: James Nelson (FCWUA)
Court Claim Number: 00648

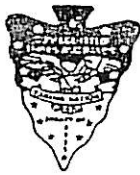
Current Use: Irrigation of 25.49 acres
Period of Use: April 1 to October 15
Annual Quantity: 128.5 acre-feet
Instantaneous Diversion Rate: 1.0 cubic feet per second
Priority Date: November 2, 1877
Point of Diversion: Sec. 30, Twp. 20 N., Range 18 E.
Place of Use: Sec. 17, 20 & 21 Twp. 20 N., Range 18 E.

Prior Claimant: James Nelson (FCWUA)
Court Claim Number: 00648
Current Use: Irrigation of 57.63 acres
Period of Use: April 1 to October 15
Annual Quantity: 290.5 acre-feet
Instantaneous Diversion Rate: 1.8 cubic feet per second
Priority Date: June 1, 1881
Point of Diversion: Sec. 30, Twp. 20 N., Range 18 E.
Place of Use: Sec. 17, 20 & 21 Twp. 20 N., Range 18 E.

Big Creek
(Easton Subbasin)

Prior Claimant: Earl E. and Valerie K. Gentry
Court Claim Number: 00755
Current Use: Irrigation of 75.0 acres
Period of Use: May 1 to September 1
Annual Quantity: 360.0 acre-feet
Instantaneous Diversion Rate: 1.50 cubic feet per second
Priority Date: June 30, 1887
Point of Diversion: Sec. 28, Twp. 20 N., Range 14 E.
Place of Use: Sec. 28, Twp. 20 N., Range 14 E.

Prior Claimant: Earl E. and Valerie K. Gentry (Ellison)
Court Claim Number: 00755
Current Use: Irrigation of 6.0 acres
Period of Use: May 1 to September 1
Annual Quantity: 31.25 acre-feet
Instantaneous Diversion Rate: .12 cubic feet per second
Priority Date: June 30, 1887
Point of Diversion: Sec. 28, Twp. 20 N., Range 14 E.
Place of Use: Sec. 28, Twp. 20 N., Range 14 E.



ROADS, IRRIGATION, AND LAND COMMITTEE

OFFICIAL ACTION

DATE: 12-20-00

() ROADS () IRRIGATION () LAND

TOPIC: Cooperative Agreement between YN, Trendwest, and WDFW

RECEIVED
DEC 20 2000
TRIBAL COUNCIL
Y.N.N.

ACTION REQUESTED: Review and request consideration and approval by Tribal Council of Cooperative Agreement between the Yakama Nation, Trendwest, and Washington Department of Fish and Wildlife.

FORMAL ACTION TAKEN: Committee has reviewed Cooperative Agreement between the Yakama Nation, Trendwest, and Washington Department of Fish and Wildlife, and recommends signature by Chairman and referral to Exec Bd for T-10 Resolution and ratification in January by Tribal Council.

DECISION: APPROVED (X) DISAPPROVED () TABLED ()

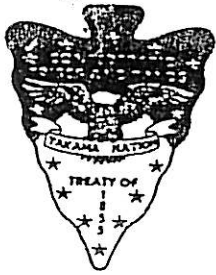
VOTE: TOTAL: 3 FOR: 2 AGAINST: 0 ABSTAINED:

MEMBERS	COMMITTEE ACTIVITY			
	ROLL CALL	MOTION	SECOND	VOTE
HARRIS TEO, JR. ----- C	P			
E. ARLEN WASHINES ----- S	P	@		for
WILLIAM YALLUP, SR. ----- M	A			
JACK FIANDER ----- M	A			
Ex Officio: <u>Jerry Merinick</u>	P		TD	for

COMMITTEE ACTION NUMBER: #20-01

Certification: [Signature]
CHAIRMAN

NOTES:



RESOLUTION

T-027-01

WHEREAS, the Yakama Nation is a federally recognized Nation pursuant to the Treaty of 1855 (12 Stat. 951), and

WHEREAS, the Yakama Tribal Council is the governing body of the Confederated Tribes and Bands of the Yakama Nation of the Yakama Reservation, by the authority delegated by Resolution T-38-56, and

WHEREAS, Trendwest, Inc. proposes to construct a Master Planned Resort in the Upper Yakima River Basin, within the Ceded Area of the Yakama Nation, and

WHEREAS, Yakama Nation staff and counsel, working under the guidance of the Yakama Tribal Council to protect Yakama Nation resources and resolve issues with Trendwest, have developed a Cooperative Agreement with Trendwest and the Washington Department of Fish and Wildlife (WDFW), and

WHEREAS, the Cooperative Agreement protects the habitat of the Cle Elum River by placing all lands owned by Trendwest in the Cle Elum River flood plain within a perpetual conservation easement which would be owned by a trust with trustees appointed by the Yakama Nation, Trendwest, and WDFW, and

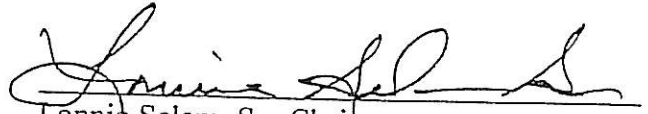
WHEREAS, Trendwest would fund the trust to acquire water rights and conservation easements on critical habitats in the Upper Yakima River Basin to mitigate for impacts of the resort, and

WHEREAS, The Yakama Nation would agree not to appeal local land use and environmental permit decisions on the resort and would agree not to appeal pending water right decisions on the resort so long as concerns raised by the Yakama Nation are met to the Nation's satisfaction.

NOW THEREFORE, BE IT RESOLVED, by the Executive Board of the Yakama Tribal Council, acting under authority delegated by Section III-A of the Rules of Procedures, approved by Yakama Tribal Council Resolution T-10-61, dated July 13, 1960, and meeting at the Governmental Headquarters of the Yakama Nation, Toppenish, Washington, that the Yakama Nation shall enter into the Cooperative Agreement with Trendwest and WDFW described above subject to ratification by the Yakama Tribal Council in regular session.

BE IT FURTHER RESOLVED, that the Yakama Nation does not waive, alter, or otherwise diminish its sovereign immunity, whether expressed or implied, by virtue of enacting this resolution, except as otherwise expressly stated herein, nor does the Yakama Nation waive, alter, or otherwise diminish any rights, privileges, remedies or services guaranteed by the Treaty of 1855.

DONE AND DATED on this 20th day of December, 2000, by the undersigned members of the Executive Board of the Yakama Tribal Council.


Lonnie Selam, Sr., Chairman
Yakama Tribal Council


Jerry Meninick, Vice-Chairman
Yakama Tribal Council


Patricia Martin, Secretary
Yakama Tribal Council

CERTIFICATE OF PRESIDENT
OF TRENDWEST RESORTS, INC.
an Oregon Corporation

I certify that I am the duly elected and acting President of Trendwest Resorts, Inc. (the "Company"), a duly organized and existing Oregon corporation.

I further certify that J. Michael Moyer is the duly appointed Senior Vice President of the Company and as such has full authority to sign the Cooperative Agreement between Yakima Indian Nation, Washington State Department of Fish and Wildlife, and Trendwest Resorts, Inc., pertaining to the development of MountainStar Resort property in Kittitas County, Washington, on behalf of the Company.

Dated: December 27, 2000



William F. Pearce, President