

**AGREEMENT REGARDING SUNCADIA PROPERTY DONATION FOR THE
BENEFIT OF THE WASHINGTON STATE HORSE PARK**

This Agreement is made as of the ____ day of _____, 2008, by and between Suncadia, LLC, a Delaware limited liability company ("Suncadia"), The City of Cle Elum, a second-class Washington municipal corporation ("City") and the Washington State Horse Park Authority, a Washington nonprofit corporation created under Chapter 79A.30 RCW ("WSHPA"), for the purpose of defining the respective rights, obligations, and relationship of the parties concerning the development of a first-class public horse park facility in the City of Cle Elum, Washington ("Horse Park").

RECITALS

WHEREAS, the Washington State Legislature enacted Chapter 79A.30 RCW ("the Statute") to provide for the establishment of the Washington State Horse Park ("Horse Park");

WHEREAS, the WSHPA is authorized by the Statute to develop, promote, operate, manage, and maintain the Horse Park to serve the needs of the State's horse industry, attract investment, enhance recreational opportunities, and bring new exhibitors and tourists to the state;

WHEREAS, pursuant to the Statute, the WSHPA may acquire an interest in land for the Horse Park through donations, grants, leases or other means;

WHEREAS, the Statute and 2008 ESB 2765 Section 1015(2) authorize a county or city to own land for a Horse Park and to provide a long-term lease of such land to the WSHPA at a minimal charge;

WHEREAS, the development, promotion, operation, management, and maintenance of the Horse Park is the responsibility of the WSHPA;

WHEREAS, Suncadia is the successor in interest to Trendwest Properties, Inc., and Trendwest Investments, Inc. (collectively, "Trendwest"), and as such is the owner of approximately 1500 acres of real property that is roughly bounded by Bullfrog Road to the west and the north, SR-903 to the east, and Interstate 90 to the south, and which property has been annexed to the City of Cle Elum (the "Bullfrog UGA");

WHEREAS, in the "Development Agreement By and Between the City of Cle Elum and Trendwest, Relating to the Development of Real Property Located Within the Cle Elum Urban Growth Area, Commonly Known as the Bullfrog UGA," dated October 30, 2002 ("Development Agreement"), Trendwest identified a location within the Bullfrog UGA as a potential site for construction of the Washington State Horse Park, labeled as the "Reserve" parcel on the Conceptual Master Site Plan that was made part of the Development Agreement, a copy of which Conceptual Master Site Plan is included as Exhibit A;

WHEREAS, the Development Agreement provides that "[u]nless and until the Reserve parcel is approved for construction of the Washington State Horse Park Equestrian facility, the parcel shall remain in open space and not be developed for any other use, other than trails or

stormwater facilities....without first requiring an amendment to the [Planned Mixed Use] approval, pursuant to the procedures required by CEMC 17.45”;

WHEREAS, Suncadia, in an effort to enhance and encourage equestrian activities, and support the local economy, has identified an approximately one-hundred-twelve (112) acre piece of the Reserve parcel as described and depicted on the Bullfrog UGA Site Plan attached hereto as Exhibit B and incorporated herein by this reference, that Suncadia is willing to donate to the City of Cle Elum for use by the WSHPA as the site for the Horse Park (“Site”), subject to certain conditions;

WHEREAS, the City of Cle Elum is prepared to accept title to the Site and to grant the WSHPA a long-term lease giving the WSHPA full use, custody and control of the Site for the lease term;

WHEREAS, in an effort to facilitate the success of the Horse Park, Suncadia is willing to grant for the benefit of the Site and the WSHPA certain rights (“Ancillary Rights”) to use certain property currently owned by Suncadia adjacent to and abutting the Site or within the Suncadia Master Planned Resort or Bullfrog UGA for Horse Park purposes including equestrian events, competitions, and trail riding;

WHEREAS, in the spring of 2007, the Washington State Legislature allocated approximately \$3.5 million of the capital budget for development of the Horse Park; and

WHEREAS, pursuant to RCW 79A.30.020(1), the Washington State Parks and Recreation Commission has approved the Site;

NOW, THEREFORE, in consideration of the mutual promises contained herein, Suncadia, the City and the WSHPA agree as follows:

AGREEMENT

1. Site Donation and Long-Term Lease.

Within ten (10) business days of mutual execution of this Agreement, Suncadia shall execute and deliver into escrow, with mutually executed instructions to the escrow officer that recording of the Deed and instruments necessary to create the Ancillary Rights occur within ten (10) days of receiving confirmation of clear title satisfactory to the City and WSHPA, a Statutory Warranty Deed (“Deed”) conveying to the City, for the benefit of the WSHPA, marketable title to the site, which is legally described in Exhibit C-1 and depicted on Exhibit C-2 attached hereto . Suncadia agrees to provide a standard coverage owner’s policy of title insurance to the City at the time of Deed recording. No material deviations to the Site, as depicted in Exhibit C-2, shall be made absent mutual agreement between the City, the WSHPA and Suncadia. Contemporaneously with recordation of fee title to the Site from Suncadia, the City agrees to grant to the WSHPA a long-term (99 year or greater) lease of the Site parcel at a fixed, nominal rate and upon terms and conditions consistent with the terms and conditions of this Agreement and as otherwise mutually agreed between the City and the WSHPA for the purpose of developing, promoting, operating, managing, and maintaining the Horse Park.

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2. Site Support Commitments.

a. **Rights for Event Area Access and Use.** Contemporaneously with recording of the Deed, Suncadia shall grant by appropriate recorded instrument, as a right appurtenant to the Site for the benefit of the City and the WSHPA and for the purpose of supporting the Horse Park use, for so long as the Horse Park use shall continue, a license for access to and use of the Event Area to be created within the area of the Bullfrog UGA commonly known as the "managed open space" ("MOS") located roughly as shown at "Letter D" on Exhibit B, for: (a) equestrian event and activity staging areas; and (b) cross-country eventing, combined driving and competition trails for WSHPA-sanctioned events, competitions, clinics, or other WSHPA-sanctioned activities (including multi-day events) as further described in Exhibit D attached hereto and incorporated herein by reference. Such use shall be subject to the terms of the Managed Open Space Conservation Easement, the consent granted by the KCT (which consent is incorporated in Exhibit D) and applicable land use regulations and ordinance of the City of Cle Elum. The terms of the license will allow the WSHPA to manage access to the MOS, with reasonable notice and for reasonable durations during WSHPA events (including reasonable periods before and after events for site preparation and restoration) in order to ensure public safety and to provide a peaceful atmosphere conducive to WSHPA activities. Such restrictions shall be the minimum necessary, and for the minimum duration to accomplish said purposes, and shall not violate any public access guarantees under the governing Agreements referenced above, or the use of this area by the public for which it is intended. The WSHPA will have responsibility for the costs of maintaining, constructing, insuring, and repairing damage for its use of any equestrian facilities it constructs on the MOS.

b. **Compliance with Management Plans.** As provided above, the WSHPA shall use the Event Area in a manner consistent with existing conservation easements, and applicable land stewardship and management plans. The parties acknowledge and agree that the intended uses of the Event Area by WSHPA as reflected on Exhibit D attached hereto have been previously reviewed and approved by Suncadia and the Kittitas Conservation Trust. All permanent structures or modifications made to the Event Area are subject to prior approval from Suncadia (not to be unreasonably withheld). Suncadia acknowledges that the WSHPA desires to construct some permanent, natural obstacles and jumps within the Event Area (i.e. ditches, water-crossings, banks), and Suncadia agrees to work in good faith with the WSHPA to approve such structures. Except to the extent otherwise agreed to in writing by the WSHPA and Suncadia, after each WSHPA-sanctioned activity, the WSHPA shall be responsible for promptly restoring, at its sole cost, the Event Area to substantially the same condition as it existed prior to the WSHPA activity. For such time as Suncadia retains fee title to the Event Area, the WSHPA shall indemnify, release, and hold harmless Suncadia and any subsidiary, parent or affiliate of Suncadia, and all directors, officers, agents and employees thereof from and against any and all damages, losses, injuries, liabilities, costs and expenses caused by the negligent acts of the WSHPA or its agents, employees or contractors within the Event Area.

c. **License for Use of Suncadia Trails.** Contemporaneously with the recording of the Deed, Suncadia shall convey to the City for the benefit of the WSHPA by appropriate recorded instrument and for the purpose of supporting the Horse Park use, the non-exclusive right to use, for so long as the Horse Park use continues, those equestrian trails that

Suncadia constructs within the publicly accessible areas of the Suncadia Master Planned Resort and the Bullfrog UGA. In all instances where WSHPA usage of trails and open space occurs, the WSHPA shall be responsible for complying with all applicable laws, including those pertaining to protection of the natural environment; and, the WSHPA shall indemnify, release, and hold harmless Suncadia and any subsidiary, parent or affiliate of Suncadia, and all directors, officers, agents and employees thereof (and their successors and assigns) from and against any and all damages, losses, injuries, liabilities, costs and expenses caused by the negligent acts of WSHPA or its agents, employees or contractors on any such equestrian trails within the Master Planned Resort.

d. Connection Between Site and Suncadia Trails/Event Areas.

Contemporaneously with the recording of the Deed, Suncadia shall convey to the City for the benefit of the WSHPA, by appropriate recorded instrument and for the purpose of supporting the Horse Park use, and for so long as the Horse Park use continues, a nonexclusive right of access to and from, and connecting, the Site with: (a) the tunnel going under Bullfrog Road, providing access to the Master Planned Resort trail system, and (b) the Event Area. Suncadia may in consultation with the City and in its reasonable discretion, relocate any such connection route, provided that the relocated route continues to meet the objectives of (a) and (b).

e. Infrastructure to Site. Suncadia shall install, up to one of the boundaries of the Site, the permanent water, sewer, and dry utility infrastructure necessary for utility service for the Horse Park. Suncadia shall also install a paved road to City of Cle Elum standards that provides access to the Site's eastern boundary. Installation of such permanent infrastructure shall be at Suncadia's sole expense, and performed at such time as Suncadia provides this infrastructure to the First Master Plat approved by the City in 2007. The WSHPA shall be responsible for construction of all improvements and utilities within the Site, including payment of any capital recovery and connection fees directly related to utility service for the Horse Park facilities and events imposed by the local government or local utility provider (e.g. sewer and water system connection charges set forth in Chapters 13.10 and 13.14 of Cle Elum Municipal Code, as may be amended from time to time, and fees charged by Puget Sound Energy). The parties hereto acknowledge that the WSHPA intends to commence the design and construction of initial Horse Park improvements immediately following recording of the Deed, and plans to commence Horse Park operations during 2009. In the event that Suncadia does not construct the permanent infrastructure described above by August 1, 2009, Suncadia agrees to provide on or before August 1, 2009 temporary gravel roads at a location reasonably satisfactory to the City and the WSHPA and meeting City compaction standards for equestrian vehicular and pedestrian access and ingress and egress, and to maintain such temporary roads in a reasonable manner until the permanent infrastructure is completed. WSHPA agrees to cooperate with Suncadia in determining a formula under which WSHPA will contribute its fair share of these temporary road maintenance costs.

f. Noise Control. Contemporaneously with the recording of the Deed, Suncadia shall grant by appropriate recorded instrument and as a right appurtenant to the Site and for the benefit of the City and the WSHPA and for the purpose of supporting the Horse Park use, a perpetual easement for the design and implementation of a reasonable noise control solution, to be at WSHPA's cost and acceptable to Suncadia (approval not to be unreasonably

withheld) within the I-90 buffer adjacent to the property boundary of the Site, including, but not limited to, rights for the movement and placement of dirt and planting of appropriate re-vegetation. To the extent that Suncadia's other work allows in terms of timing and coordination such as to not unreasonably add to the cost of Suncadia's other work, and as requested by WSHPA, Suncadia will direct its contractors to place excavated materials where desired by the WSHPA to accomplish the noise control solution.

g. **Adjacent Use.** The "eight acre parcel" ("8-Parcel") adjacent to the northeast corner of the Site will be retained in Suncadia ownership for development. Suncadia will configure the 8-Parcel's access along the 8-Parcel's eastern property line, as northerly as practical, and completely separate from the Horse Park's access to be located on the Horse Park's eastern property line. The 8-Parcel will include a visual landscape buffer along the entire length of its common property line with the Horse Park roughly as shown at "Letter B" on Exhibit B, with the intent of reasonably screening it from the Horse Park. Suncadia will also agree that the uses on the 8-Parcel will be compatible with the equestrian facility. Loud industrial uses or uses such as a domestic animal shelter would be inappropriate; however apartments or condominiums with or without private stables, light commercial, and similar uses would be appropriate and compatible.

h. **Easement for Spectator Area.** Contemporaneously with the recording of the Deed, Suncadia shall grant by appropriate recorded instrument and as a right appurtenant to the Site and for the benefit of the City and the WSHPA and for the purpose of supporting the Horse Park use, a permanent, non-exclusive easement over a 100-foot-wide portion (running north-to-south and extending along the length of the northern border of the Site) of the open space/green belt tract that immediately abuts the north boundary of the Horse Park Site roughly as shown at "Letter C" on Exhibit B for the purpose of pedestrian access and spectator viewing and seating. The terms of the easement will allow the WSHPA to manage and control access to this area including the right to temporarily exclude other users from the area upon reasonable notice and for reasonable durations in order to provide a peaceful atmosphere conducive to WSHPA activities.

i. **Access to Event Area.** Contemporaneously with the recording of the Deed, Suncadia shall grant by appropriate recorded instrument and as a right appurtenant to the Site and for the benefit of the City and the WSHPA and for the purpose of supporting the Horse Park use, a perpetual easement for the design and construction of an access roadway or path providing access to and from the Site and the Event Area within the MOS, such roadway location to be as roughly shown at "Letter E" on Exhibit B, to be located and configured subject to Suncadia's approval (which will not be unreasonably withheld.) The WSHPA will obtain and comply with requirements of all necessary permits and required governmental approvals for any such work. Suncadia will facilitate and work with WSHPA jointly to obtain an easement across a section of I-90 ROW as roughly shown at "Letter F" on Exhibit B in order to facilitate such road/path. The WSHPA recognizes that Suncadia and/or its assigns have constructed and maintain the Bullfrog Road undercrossing and will construct and maintain certain additional equestrian trails to and from said undercrossing that will be made available for public use as well as non-event use by the WSHPA. In consideration, the WSHPA will make its paths and trails

available for use by the public (subject to reasonable user fees) except during those periods when for safety reasons use must be restricted.

j. Location of Utilities. Suncadia, the City and the WSHPA will work to coordinate the exact routing for utilities and pedestrian paths, including sewer mains, in such a manner as to serve both Suncadia's development and the needs of the WSHPA. It is anticipated that the sewer will need to cross the ravine on the Site at the existing road fill as roughly shown at "Letter G" on Exhibit B; however, it is the intent of both parties, if feasible given minimum required sewer line slopes, that the sewer main run immediately parallel to the I-90 buffer after it crosses the ravine. The design intent will be to design cost effective systems while minimizing negative impacts to the aesthetics and operational flexibility of the Horse Park by coordinating with the WSHPA site plans. Suncadia may place easements for said utilities on the WSHPA site as reasonably consented to by the City and the WSHPA once site designs for the Horse Park have been completed, provided, however, that such easements shall not unreasonably restrict the use of the Horse Park improvements.

k. Trail Maintenance. To the extent that the WSHPA's use of the equestrian trail system increases the amount of maintenance required on the equestrian trail system, the WSHPA agrees to cooperate with Suncadia in determining a formula or other methodology pursuant to which the WSHPA will contribute its fair share of equestrian trail maintenance costs. Notwithstanding anything to the contrary herein, the WSHPA may, at its sole expense and after providing notice to Suncadia, perform such trail maintenance and improvement as it deems necessary. Any such maintenance or improvement may be undertaken only to the extent it is consistent with Suncadia's adopted trail standards for equestrian trails, and with all conservation easements, land stewardship plans, and other documents that govern the areas within which the equestrian trails are located. In no event shall the width or footprint of any trail be modified or increased without the express written consent of Suncadia, which consent may not be unreasonably withheld. No trees or other significant vegetation may be removed without prior express authorization from Suncadia, which may be withheld in Suncadia's reasonable discretion.

l. Water Rights. Suncadia agrees to transfer and convey to the City within Ninety (90) days of full execution of this Agreement water rights in the amount of 17 acre feet per year from water certificate number(s) CS4-01724(A)CTCL, CS4-10724(B)CTCL, CS4-10724(C)CTCL, CS4-YRB07CC01724@1, CS4-YRB07CC01724@2, and/or CS4-YRB07CC01724@3. The City agrees to accept such water right(s) for the Horse Park, and believes that such conveyance is adequate for Horse Park purposes and is consistent with the provisions of Cle Elum Municipal Code Section 13.20.020 as providing an adequate water supply for the Site and the proposed uses.

m. Site Access. Prior to conveyance of the Deed, Suncadia agrees to allow the WSHPA and its agents, employees, successors, assigns, contractors, invitees and licensees (collectively, "Agents") access to the Site at all reasonable times for purposes of engaging in predevelopment activities, provided that, consistent with the terms and conditions of this Agreement, the WSHPA holds harmless, releases, and indemnifies Suncadia from any and all

damages, harm, injuries, or other situation that directly or indirectly results from the presence of the WSHPA or its Agents on the Site during predevelopment activities.

n. Information Sharing. Suncadia will make available to the WSHPA the Environmental Impact Statements that were prepared for the Master Planned Resort and the Bullfrog UGA. Suncadia also agrees to share with the WSHPA such documents and studies that Suncadia has conducted that are likely to be useful to the WSHPA in preparing applications, environmental studies, or other aspects of developing the Horse Park. Such information could include, by way of example, wetland reports, biological assessments, traffic projections, and annual traffic monitoring reports. Nothing in this Section, however, shall be interpreted as imposing any obligation on Suncadia to incur financial expense, undertake new studies, or reveal information it believes is proprietary or confidential.

3. Deed; Easements and Restrictive Covenant.

Conveyance of the Site to the City shall be by Statutory Warranty Deed, subject to such encumbrances of record as will not render title unmarketable. The parties acknowledge that easements of record already exist for a sewer main and for power lines. The City agrees to grant to Suncadia upon request an easement through the Site for access and utilities to serve Suncadia's other property, provided that such easement is consistent with all of the terms of this Agreement and does not interfere with the WSHPA's use of the Site for its intended purposes. Within thirty (30) days of the recording of the Deed, Suncadia agrees to record on title to the Site appropriate instruments (consistent with the terms of this Agreement and reasonably acceptable to the City and the WSHPA) to convey the Ancillary Rights described in Section 2 above. The parties hereby agree to also record on title to the Site an appropriate memorandum of the additional agreements and undertakings of the parties as set forth in this Agreement. At its option, Suncadia may include Restrictive Covenants in the Deed substantially as follows:

a. Nonprofit Horse Park. The City shall ensure that at all times the Site shall be operated as a nonprofit horse park facility that is open to the public for the purpose of providing equestrian-related activities, such as horse shows, horse clinics, horse event competitions, and other compatible recreational opportunities and events.

b. Deterioration. The City shall ensure that the Site and all improvements constructed thereon shall at all times be maintained and operated in a neat, clean, professional manner consistent with reasonable maintenance and sanitation standards of the professional equestrian industry.

c. Diligent Progress to Completion. It is the intent of all parties to this Agreement that following the transfer of fee title for the Site to the City and following the mutual execution of a long-term lease between the City and the WSHPA, the WSHPA will exercise good faith efforts to construct such Site improvements as the WSHPA deems reasonably necessary to permit the contemplated equestrian activities at the site to commence. The City shall require that the WSHPA or any other lessee, licensee or operator of the Site shall use reasonable good faith efforts to develop the Site for the intended purposes as set forth in the

Statute and this Agreement and shall make reasonably consistent progress towards completion of said vision for the Horse Park.

4. Suncadia Trail Riding Amenity. The WSHPA agrees to cooperate with Suncadia to facilitate a “day ride” equestrian trail riding amenity within the Master Planned Resort and Bullfrog UGA, provided that such amenity shall be operated in a manner complementary to, and not in competition with, the Horse Park.

5. Recreational User Statute. Notwithstanding anything to the contrary herein, the City, Suncadia and the WSHPA acknowledge and agree that public trails and recreational areas within the Site, the Master Planned Resort and the Bullfrog UGA are intended to be, to the maximum extent consistent with applicable law, subject to and governed by the Recreational User Statute, RCW 4.24.200-4.24.210.

6. Agreement Not to Protest. The WSHPA shall not publicly protest against any decisions, applications, or actions by Suncadia with respect to the development, or lack of development, of any property in the Bullfrog UGA or the Master Planned Resort, outside of the Site, provided that any such development shall be reasonably compatible with the operation of the Horse Park. Nothing herein shall preclude the WSHPA from advocating for and defending its rights or interest in and to the ownership, use, operation, and maintenance of the Site and the Event Area.

7. Change in Open Space Classification. Suncadia has advised the City and the WSHPA that up to four (4) acres of the Horse Park Site may be in “open space” tax classification. The City shall deliver to escrow, with the aforementioned Deed and Ancillary Rights instruments, executed correspondence to be delivered to the Kittitas County Assessor requesting exemption from payment of the compensating tax and interest associated with removal of property from open space pursuant to WAC 458-30-300(6)(d); provided, however, the WSHPA agrees to assume responsibility for any “removal” tax that ultimately may become due under RCW 84.34.108 as a result of any change in use classification of up to, but not to exceed, four (4) acres of the Site.

8. Dispute Resolution. The parties shall use good faith efforts to resolve all claims, disputes, and other matters in question between the parties arising out of or relating to this Agreement, through nonbinding arbitration or mediation. In the event the parties cannot mutually resolve their dispute pursuant to nonbinding arbitration or mediation as aforementioned, jurisdiction and venue for resolving any dispute arising out of or in connection with this Agreement shall be in the Superior Court of the State of Washington in Kittitas County.

9. Binding Effect. This Agreement and the terms and conditions thereof shall not merge with the Deed and at all times shall be binding upon and shall inure to the benefit of the parties, and their respective lessees, licensees, successors and assigns.

10. Authority. The parties signing on behalf of Suncadia represent that they have full power and authority to execute this Agreement and bind Suncadia with respect to the obligations hereunder, and all necessary corporate, trust, partnership or other action to authorize

this Agreement has been taken. The parties signing on behalf of the City and the WSHPA represent that they have full power and authority to execute this Agreement and bind the City and the WSHPA, respectively, with respect to their obligations hereunder, and all necessary corporate, trust, partnership or other action to authorize this Agreement has been taken.

11. Legal Representation. Each party hereby represents that it has obtained, or has been advised to obtain, independent counsel in connection with this Agreement; and, that it has either executed this Agreement with the advice of such counsel or after having been given adequate opportunity to seek advice of such counsel. The parties each acknowledge and agree that this Agreement is the result of active negotiations between the parties hereto, and that any uncertainty or ambiguity in this Agreement shall not be construed against either party because that party's counsel prepared this Agreement in its final form.

12. Attorney's Fees and Costs. In the event of any proceeding or litigation brought by either party against the other about the subject matter hereof, the prevailing party shall, in addition to any other relief, be entitled to recover its reasonable attorneys' fees and costs.

13. Partial Invalidity and Inconsistency. Nothing contained herein shall be deemed to require either party to undertake an action that it is otherwise prohibited from taking by applicable law. In the event any of the provisions of this Agreement are deemed to be invalid or unenforceable, the same shall not cause the invalidity of the remainder of this Agreement. If such provision is deemed invalid due to its scope or breadth, such provisions shall be deemed valid to the extent of the scope or breadth permitted by law.

14. Modification. This Agreement may be modified, superseded, or voided only in a writing of the same formality as this Agreement. Failure of the parties to act consistently with the terms of this Agreement does not waive, reform or nullify the terms of this Agreement.

15. Counterparts. This Agreement may be signed in counterparts by use of counterpart signature pages, and each counterpart signature page shall constitute a part of this Agreement as if each party signed on the same page.

16. Notices. Notices provided for or permitted to be given under this Agreement must be in writing and may be served by depositing same in the United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested; by delivering the same in person to such party; by prepaid telegram or telex; by overnight courier; or by email copy thereof (provided that in the case of email, the sending party receives verification of receipt). Notice given in accordance herewith shall be effective upon receipt at the address of the addressee. For purposes of notice, the addresses of the parties shall be as follows:

If to Suncadia, to:

Paul Eisenberg
Sr. Vice President, Suncadia
4244 Bullfrog Road, Suite 1
Cle Elum, WA 98922
Telephone No.: (509) 649-3000
Facsimile No.: (509) _____
Email: peisenberg@suncadia.com

With a copy to:

Stephen H. Roos
Hillis Clark Martin & Peterson, P.S.
500 Galland Building
1221 Second Avenue
Seattle, WA 98101-2925
Telephone No.: (206) 623-1745
Facsimile No.: (206) 623-7789
Email: SHR@hcmp.com

With a copy to:

John DeMarco
Senior VP and Corporate Counsel
Lowe Enterprises
11777 San Vicente Boulevard, Suite 900
Los Angeles, California 90049
Phone (310) 820-6661
Fax (310) 207-1132
Email jdemarco@loweenterprises.com

If to the WSHPA, to:

Todd Trewin, President
Washington State Horse Park Authority
700 294th Ave. N.E.
Carnation, WA 98014
Telephone No.: (425) 333-5577
Facsimile No.: _____
Email: rimrock1992@hotmail.com

with a copy to:

Linda White Atkins
Davis Wright Tremaine
777 108th Avenue NE
Bellevue, WA 98004
Telephone No.: (425) 646-6115
Facsimile No.: (425) 646-6199
Email: lindaatkins@dwt.com

If to The City of Cle Elum, to:

City of Cle Elum
Administrative Services
Attn: City Administrator
119 West First Street
Cle Elum, WA 98922
Telephone No.: (509) 674-2262
Facsimile No. (509) 674-4097
Email: greggh@cityofcleelum.com

With a copy to:

City Land Use Attorney
Erin L. Anderson
Stoel Rives, LLP
900 SW 5th Avenue, Suite 2600
Portland, OR 97204
Telephone No.: (503) 294-9546
Facsimile No.: (503) 220-2480
Email: elanderson@stoel.com

This Agreement is deemed executed and effective on the date first shown above.

Exhibit A – October 30, 2002 Development Agreement Conceptual Master Site Plan
Exhibit B – Bullfrog UGA Site Plan
Exhibit C – Legal Description Horse Park Site and Copy of April 2008 Boundary Line Adjustment
Exhibit D – Description of Event Area Use and Kittitas Conservation Trust Resolution

SUNCADIA, LLC
a Delaware limited liability company

By: Easton Ridge Investors, LLC,
a Delaware limited liability company,
Its Managing Member

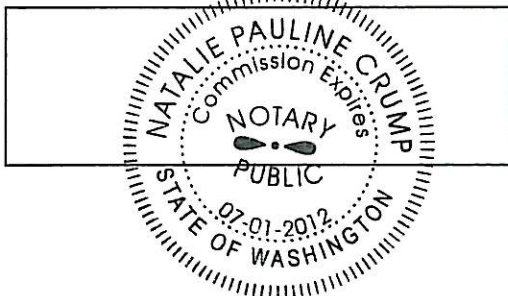
By: [Signature]
Name: Paul Eisenberg
Its: Senior Vice President

By: [Signature]
Name: GARY A. KITTLESON
Its: VICE-PRESIDENT

STATE OF WASHINGTON }
COUNTY OF KITTITAS } ss.

On this day personally appeared before me Paul Eisenberg and Gary Kittleson, to me known to be the Senior Vice President and Vice President, respectively, of Easton Ridge Investors, LLC, a Delaware limited liability company and Managing Member of SUNCADIA, LLC, the company that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such company, for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute such instrument.

Given Under My Hand and Official Seal this 6 day of October, 2008.



Natalie Pauline Crump
Printed Name Natalie Pauline Crump
NOTARY PUBLIC in and for the State of Washington,
residing at Cle Elum
My Commission Expires 07-01-2012

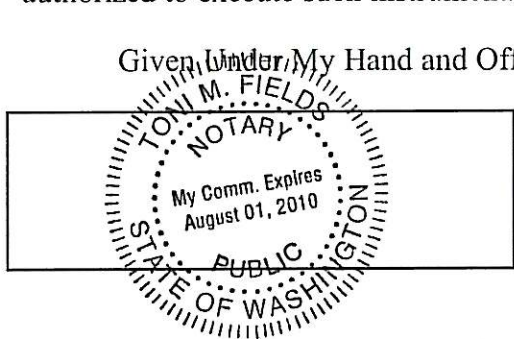
CITY OF CLE ELUM,
a Washington municipal corporation,

By: Mayor
Name: Charles J. Glondo
Its: Charles J. Glondo

STATE OF WASHINGTON }
COUNTY OF Yititus } ss.

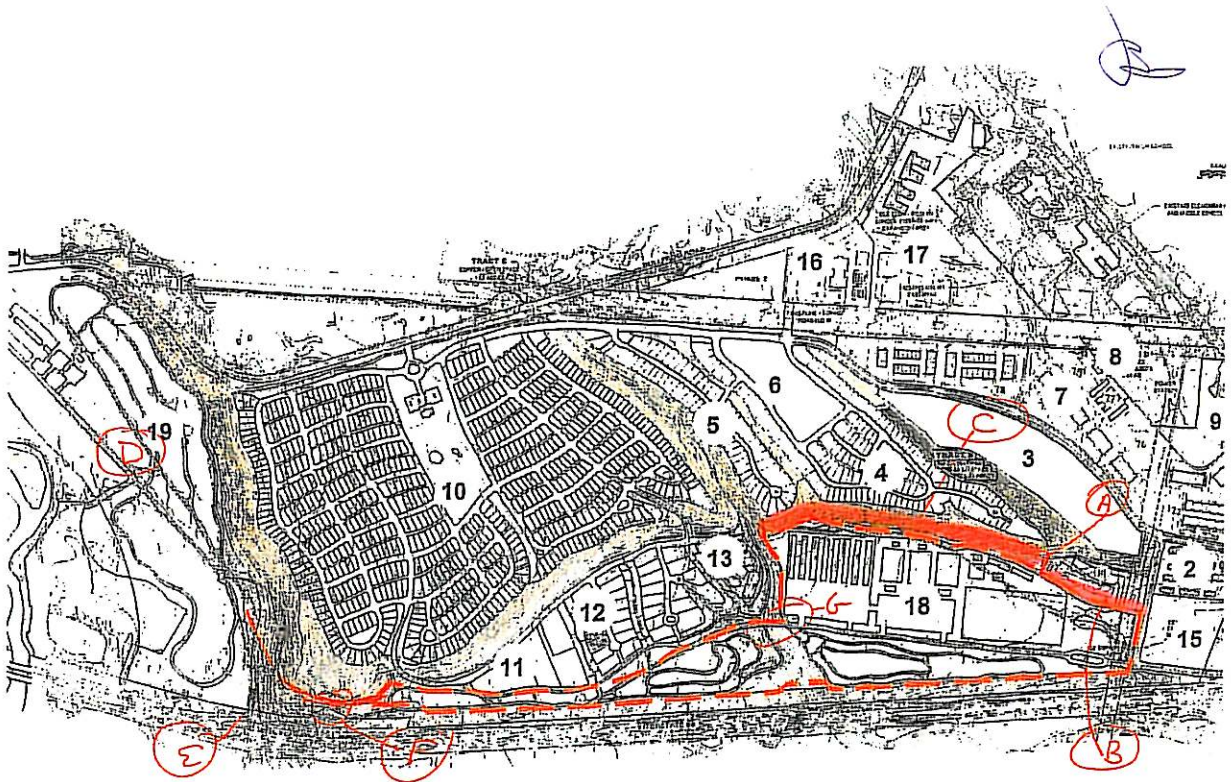
On this day personally appeared before me Charles J. Glondo and _____, to me known to be the Mayor and _____, respectively, of the City of Cle Elum, that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such municipality, for the uses and purposes therein mentioned, and on oath stated that they were duly authorized to execute such instrument.

Given Under My Hand and Official Seal this 9th day of September, 2008.



Toni M. Fields
Printed Name Toni M. Fields
NOTARY PUBLIC in and for the State of Washington,
residing at Roslyn
My Commission Expires August 01, 2010

**EXHIBIT B
BULLFROG UGA SITE PLAN**



KEY:

- A:** Corner of “8-Parcel” to be “clipped” and to remain within Horse Park Site
- B:** “8-Parcel” visual landscape buffer along length of common property line with Horse Park Site
- C:** 100-foot-wide area, running north-to-south and extending along the length of northern Site border, of open space/green belt tract immediately abutting north boundary of Horse Park Site for Horse Park show pedestrian access and spectator viewing and seating.
- D:** “Event Area” to be created within the Bullfrog UGA “managed open space”
- E:** Approximate location of easement for access road to and from Horse Park Site and “Event Area”
- F:** Approximate location of proposed I-90 right-of-way crossing for access road to and from Horse Park Site and “Event Area”
- G:** Approximate location of proposed sewer line crossing through ravine on Horse Park Site at area of existing road fill

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EXHIBIT C-1
HORSE PARK SITE LEGAL DESCRIPTION

Parcel 4 of that certain Boundary Line Adjustment recorded under Kittitas Auditor's File No. 200804160004, recorded April 16, 2008, records of Kittitas County, Washington

**EXHIBIT C-2
BOUNDARY LINE ADJUSTMENT**

(See Attached)

**EXHIBIT D
EVENT AREA USE DOCUMENTS**

(See Attached)

KITTITAS CONSERVATION TRUST
RESOLUTION 08 - 01

**Approving the Use of the Bullfrog UGA Managed Open Space Lands by the
Washington State Horse Park Authority for Construction of an Olympic Scale
Eventing and Combined Driving Endurance Track**

WHEREAS: The KITTITAS CONSERVATION TRUST (the Trust) is a tax-exempt nonprofit organization and a qualified organization under Sections 501(c)(3) and 170(h) of the Internal Revenue Code of 1986, any successor provision, and the regulations promulgated thereunder, and is also qualified as a nonprofit nature conservancy corporation under RCW 64.04.130 and 84.34.250, whose primary purpose is to undertake activities to protect and enhance open space, recreation, and fish and wildlife habitat; and

WHEREAS: Suncadia, LLC ("Suncadia") granted a conservation easement, encumbering approximately 105.5 contiguous acres of property commonly referred to as the Bullfrog UGA Managed Open Space ("Protected Property"), to the Trust by instrument recorded on January 16, 2007 under Kittitas County Recording No. 200701160079 ("Easement"); and

WHEREAS: The purpose of the Easement is to assure that the Protected Property will be retained forever predominantly for its wildlife habitat and recreational opportunities compatible with wildlife objectives as managed open space and to prevent any use of the Protected Property that will significantly impair or interfere with the conservation values of the Protected Property; and

WHEREAS: Section 3 of the Easement prohibits the construction of structures on the Protected Property except as necessary for the operation of the Suncadia Resort or UGA Property, and except structures that are appropriate to the purpose of the Easement such as casual recreation structures; and

WHEREAS: Suncadia desires to permit approximately 75 acres of the Protected Property to be used for the development of an equestrian Eventing and Combined Driving Cross Country and Endurance Course to be constructed and managed by the Washington State Horse Park, a public non-profit equestrian facility authorized by the Washington State Legislature in 1995 pursuant to Washington statutes Chapter 79A.30 RCW ("Horse Park"); and

WHEREAS: Suncadia and the Trust agree that forest practices, timber removal, and construction of associated permanent structures related to development of the Horse Park Eventing Course are prohibited activities under the Easement, except as may otherwise be agreed upon by Suncadia and the Trust; and

WHEREAS: The Trust recognizes that the Horse Park Eventing Course will provide opportunities for public recreation that are unparalleled in the State; and

WHEREAS: Suncoadia has agreed to indemnify the Trust from any third party administrative and legal actions that might otherwise require an expenditure of the Trust's resources to defend the Trust against any such actions, including but not limited to attorneys' fees and administrative expenses; and

WHEREAS: The Washington Department of Fish and Wildlife has performed a biological-habitat analysis of the Bullfrog UGA Managed Open Space and has determined that the proposed Horse Park Eventing Course is compatible with the wildlife objectives for the Protected Property, and is thus not inconsistent with the purpose of the Easement.

THEREFORE BE IT RESOLVED: That the Board of Trustees of the Kittitas Conservation Trust agrees that the Horse Park Eventing Course may be constructed and operated on the Protected Property subject to final design review and approval by the Trust.


FURTHER RESOLVED: That final design review and approval shall incorporate best available science related to forest ecosystems and wildlife habitat conservation to indicate the preferred route and configuration of the Horse Park Eventing Course and acceptable size and locations of associated structures.

FURTHER RESOLVED: That written approval from the Trust is required for any more than five scheduled equestrian events within the Bullfrog UGA Managed Open Space during any calendar year.

FURTHER RESOLVED: That the Board of Trustees authorizes execution of any documents necessary or desired to effectuate the foregoing agreement, including an amendment to the Easement.

Adopted by unanimous vote of the Board of Trustees on January 18, 2007 at a regularly scheduled meeting in Toppenish, Washington:


Jeff Tayer, Appointed by
WA State Department of
Fish and Wildlife



Paul Ward, Appointed by
Yakama Nation



Arthur Solbakken, Appointed by
Suncoadia LLC





October 19, 2007

David Gerth
Kittitas Conservation Trust
PO Box 428
205 Alaska Ave.
Roslyn, WA 98941-0428
(509)649-2951
kct@inlandnet.com

David,

Attached please find information for your review prior to our upcoming meeting regarding Washington State Horse Park Association (WSHPA) equestrian uses within the Cle Elum Bullfrog UGA Managed Open Space. As you know the State of Washington provided \$3.5 million dollars of seed funding for the facility. Suncadia promised to provide the WSHPA a 100 acre site served with utilities with water rights and allow shared use of other equestrian facilities on the UGA and MPR.

The attached documents include a written summary by the WSHPA describing the concepts for the proposed uses that would occur in the Managed Open Space area and an illustrative plan prepared by Dawson and Associates.

We propose to review the proposed uses and plan at the meeting. We and the WSHPA representatives can answer any questions regarding the intent of obtaining KCT concurrence with our reading of the allowed uses under the Managed Open Space easement. We can also discuss the extent of flexibility in the plan and how to address any issues the KCT may have. The WSHPA needs a level of assurance that we are all in conceptual agreement enabling the WSHPA commit to the reconfigured site in the upper portion of the UGA. With conceptual agreement on the scope, intent and uses the details of the plan can then continue to be worked on in a collaborative fashion moving forward.

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In anticipation of this meeting we have carefully reviewed the easement and believe equestrian uses and other active recreational uses fall within those that were contemplated in the easement and by the related language in the Cle Elum Development Agreement for the UGA.

We look forward to our upcoming meeting on October 23.

With best regards,

Paul Eisenberg
Senior Vice President
Suncadia LLC

Cc: James Dawson
Mitch Williams
Linda Atkins
Todd Trowin

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WASHINGTON STATE HORSE PARK

EVENTING AND COMBINED DRIVING DISCIPLINES REQUIREMENTS FOR ENDURANCE TRACKS

Background

The sport of Eventing began as a test of cavalry skills and was the first competed in the modern Olympic Games at Stockholm, Sweden in 1912.

Eventing is sometimes referred to as the "triathlon" of horse competition because it involves three tests of the same horse and rider combination: Dressage (classical ground work akin to compulsory figures in ice skating), Show Jumping (a test of speed and athleticism over jumps in an arena setting), and Cross-country (also known as the endurance phase, a test of speed, stamina and scope over cross country terrain and obstacles):

The Cross-country Test as defined by the U.S. Equestrian Rules for Eventing:

"This test is to prove the speed, endurance and jumping ability of the true cross-country horse when it is well trained and conditioned. At the same time it demonstrates the competitor's knowledge of pace and the use of his horse across country. It consists of a cross country course with obstacles, normally carried out at the gallop."

The sport of Combined Driving evolved later and its three tests are patterned on those for Eventing. The definition for the endurance test for Combined Driving is quite similar to that for Eventing, although it involves horse-drawn carriages negotiating around and through obstacles rather than riders competing over obstacles astride.

The remainder of this document focuses on requirements for the cross-country/endurance tests for Eventing which, if they can be accommodated, also satisfy the needs of Combined Driving.

Location of and Access to the Endurance Tracks

- Suncadia proposes to grant the Horse Park the non-exclusive right to use approximately 75 acres of Managed Open Space (as depicted in the attached map and referred to as the Event Area) for the endurance tests for cross-country, combined driving and competition trails during Horse Park-sanctioned events, competitions and clinics.
- The Event Area will be utilized not less than five (5) multi-day periods during the months of April through October for staging, competition and restoration activities described below.

- Appropriate access to the Event Area from the main Horse Park site is under review and may require significant alterations to a portion of the steep slope to the east of the Managed Open Space.

Requirements for the Endurance Course

In general, the endurance course consists of corridors (or "tracks") for galloping between the various types of obstacles to be negotiated. The length of the track and the difficulty of the obstacles increase through five levels of competition; the requirements for each are proscribed by a national governing body, the U.S. Equestrian Association. The scope of what is required is more specifically defined below.

Dimensions of Galloping Corridors:

- Length: at least 2 ½ linear miles
- Width:
 - generally 12 feet wide
 - approximately 40 feet wide around each obstacle
 - up to 90 feet at certain points to accommodate turns at speed and multiple/combination obstacles
- Open spaces:
 - at least two (2) half (1/2) acre open space areas to facilitate spectator viewing
 - a one (1) acre open space area at the beginning of the galloping corridors for each competitor to warm-up (i.e. gallop and jump) before starting on course.

Terrain:

- Undulating terrain is desirable with a maximum 20 % sustained grade
- Galloping corridors must be free of trees, interfering limbs, logs, stumps, rocks or other obstructions which might be dangerous to a galloping horse or rider
- Footing must be:
 - grass, dirt or other suitable material to absorb concussion and provide acceptable traction - where and if conditions warrant it, amendment may be required such as:
 - gravel, wood chips or other similar natural material
 - aeration and water
 - free of stones larger than 2" in diameter and other hard or sharp objects that could cause injury to a horse's feet or legs

Temporary and Permanent Obstacles:

- Up to 120 obstacles composed of wood or other natural materials may be positioned and staked down during a competition involving all levels of difficulty
- Some other temporary materials such rope flagging, small tent shelters for volunteers/staff and directional stakes may be placed in the Event Area during competitions
- Up to six (6) permanent obstacle complexes will be constructed within the Event Area having the following general characteristics and dimensions:

- o Banks – either wood-reinforced or compacted soil mounds (constructed from hauled-in soil), each of the two complexes may measure about 80' x 80' overall or be comprised of a series of smaller mounds.
 - o Water – the area for each of the two water complexes will measure about 100' x 75' with a depth of about 24"; the water-holding areas are lined, gravel-filled pools that usually include raised, reinforced islands of soil that form part of the obstacle
 - o Ditches – these two complexes may be 80' long in total, and be comprised of varying widths up to 9' and depths of up to 4'.
- Except to the extent otherwise agreed to in writing, the Horse Park will promptly restore the Event Area to substantially the same condition as existed prior to the activity.

Other Requirements and Considerations:

- Parking space will be needed for up to 250 vehicles to accommodate groomers, trainers, spectators and volunteers.
- A 3 acre natural open space will be needed to store obstacles between areas.
- Heavy equipment will be used to place and move obstacles, fill water complexes, dampen corridors, deliver gravel, etc.
- Up to 70 volunteers may be active in the Event Area during competitions to provide overall administration, jump judging, fence repair, collection of scoring sheets, technical oversight, safety coordination, media coverage, etc.
- A limited number of golf carts (4-6) will be used in proximity to the galloping corridors during competition periods.
- Emergency personnel and vehicles will be present during competitions and must be able to drive to all parts of the galloping corridors.
- Some non-native vegetation (is, flowers, shrubs, trees, evergreens, etc.) will be temporarily placed on and around obstacles during competitions.
- Trees and shrubs will be permanently planted/grown as part of certain obstacles.
- A generator will provide power to the Event Area for uses such as cooling fans for horses, public address system, concessions, etc.