

FIRST ADDENDUM TO SETTLEMENT AGREEMENT

This First Addendum to Settlement Agreement (hereinafter "Addendum") is entered into as of the dates set forth below by and between the Post Falls Urban Renewal Agency, an Idaho urban renewal agency, P.O. Box 236, Post Falls, Idaho 83877-0236 (hereinafter "PFURA"), and J.R. Watson & Associates Development Co., P.O. Box 610, Seal Beach, California 90740, James R. Watson and Judy Watson, husband and wife, 250 Ocean Avenue, Seal Beach, California 90740, each in their individual capacity and on behalf of their marital community (hereinafter collectively referred to as "WATSON").

RECITALS:

WHEREAS, PFURA is an Idaho urban renewal agency created by and existing under the authority of and pursuant to the laws of the State of Idaho.

WHEREAS, the City of Post Falls, Idaho, by the adoption of Ordinance No. 990 on November 6th, 2001 and Ordinance No. 1011 on November 5th, 2002 duly formed and adopted the Expo Urban Renewal Plan and created the Expo Urban Renewal District (hereinafter referred to as the "Plan" and the "District").

WHEREAS, WATSON is the sole developer within the District who has participated in the Plan by constructing public improvements contemplated by such Plan.

WHEREAS, in 2007 PFURA and WATSON entered into a Settlement Agreement regarding the amount of reimbursement that WATSON is entitled to under the Plan for the construction of public improvements.

WHEREAS, PFURA and WATSON now wish to amend the terms of the Settlement Agreement in the following manner.

NOW THEREFORE, in consideration of the above Recitals, the mutual covenants and agreements set forth herein and the benefits to be derived therefrom, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

1. Amendment of Section 3H. Section 3F of the Settlement Agreement is hereby deleted in its entirety and shall now read as follows:

"WATSON agrees to pay the Agency's Annual Administrative Fee in an amount equal to WATSON's proportionate share of PFURA's actual administrative expenses as determined by PFURA on an annual basis consistent with current PFURA policy."

2. Remainder of Settlement Agreement. The other terms of the Settlement Agreement shall remain in full force and effect unless amended by this Addendum or any other valid modifications executed by the parties.

POST FALLS URBAN RENEWAL AGENCY

Bobbi Rollins
Bobbi Rollins, Chairperson

July 15, 2010
Date

J.R. WATSON & ASSOCIATES DEVELOPMENT CO.

James R. Watson
James R. Watson, President

7-20-10
Date

James R. Watson
James R. Watson, individually and on behalf of
his marital community

7-20-10
Date

Judy Watson
Judy Watson, individually and on behalf of
her marital community

7/20/10
Date