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June 6, 2007

**SETTLEMENT COMMUNICATION
SUBJECT TO LIMITATIONS OF ER 408**

Ms. Jill Guernsey
Pierce County Prosecuting Attorney
955 Tacoma Avenue S., #301
Tacoma, WA 98402

Dear Jill:

As you are aware, I represent the Pacific Coast Shellfish Growers Association ("PCSGA"), as well as Taylor Shellfish Company, with regard to various regulatory issues relating to the cultivation of shellfish in Washington State. In that capacity, I have been working with Taylor and several other PCSGA members with existing and/or proposed geoduck farms in Pierce County. I have prepared this letter on behalf of the following growers: Taylor Shellfish Farms; Seattle Shellfish Company; Paul Williams; John Lentz, both as representative of Chelsea Sea Farms and as representative of Darrel Di Tienne; Longbranch Shellfish; and Kent Kingman. These growers will be collectively referred to as "the Pierce County Geoduck Growers" or the PCGG.

As we discussed on the telephone last Friday, the PCGG have joined together in an effort to resolve, at least temporarily, some of the controversy surrounding geoduck farming in Pierce County. The PCGG's efforts, and the proposal discussed in more detail below, is grounded in the PCGG's fundamental belief that geoduck farming, like shellfish farming in general, provides a net environmental benefit in estuaries where it occurs. That fact is demonstrated by existing scientific studies, and we are confident that future studies will continue to support the same finding.

In spite of this scientific support, the PCGG recognize that opponents of geoduck farming in Pierce County have presented a great deal of misinformation to the County's decision makers that, because of the sheer volume, has served to distort the County's decisionmaking process on a number of fronts. Growers are concerned that the process has degraded to the point that the County could make inappropriate or unsupported decisions, leading to costly and time-consuming litigation.

In Washington's 2007 legislative session, the state legislature established a procedure for sorting through the various competing claims about the benefits and potential adverse effects of shellfish farming, including geoduck farming. Specifically, SHB 2220 establishes a stakeholder group made up of representatives of state agencies, local governments, tribes, growers, landowners and environmentalists to review the relevant scientific data and make

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recommendations to the Washington Department of Ecology regarding practical, scientifically supported guidelines for geoduck farming. SHB 2220 requires that the stakeholder process be completed no later than December 1, 2008 (although Ecology has indicated that it intends to aggressively move the process forward and hopes to beat that deadline).

The PCGG helped push for the adoption of SHB 2220 because they are comfortable that the science supports their claims of environmental benefit. The PCGG is also confident that, as long as the stakeholder committee is representative, balanced and includes reasonable participants, a reasoned approach to the regulation of geoduck farming will emerge from that stakeholder process.

The PCGG's primary goal is to allow the SHB 2220 stakeholder process to move forward cooperatively and expeditiously. The current controversies in Pierce County make achieving that goal more difficult. The PCGG therefore propose a "standstill" on several Pierce County issues while the stakeholder process moves forward. Specifically, we propose the following:

The PCGG will agree to the following:

1. The PCGG will not apply for shoreline permits for new geoduck farms until the stakeholder process discussed in SHB 2220 concludes, or December 1, 2008, whichever is earlier. The PCGG will also agree not to put new farms in without shoreline permits until the stakeholder process discussed in SHB 2220 concludes or December 1, 2008, whichever is earlier.
2. The PCGG will agree to put their applications that are currently in process with Pierce County on hold until the stakeholder process discussed in SHB 2220 concludes, or December 1, 2008, whichever is earlier. The following applications would be put on hold:
 - ◆ SD35-05 (DeTienne/Chelsea Farms)
 - ◆ SD15-06 (Taylor/Erickson)
 - ◆ SD22-06 (Longbranch Shellfish)
 - ◆ SD34-06 (Taylor/Hibben)
 - ◆ SD60-06 (Kent Kingman #5 Heron Lk - Case Cove)
 - ◆ SD64-06 (Department of Natural Resources/Seattle Shellfish)
3. Taylor Shellfish Farms will agree to stay its pending Shoreline Hearings Board appeal of two recently issued Shoreline Substantial Development Permits issued by Pierce County (SD 53-05 and SD 55-05). That appeal will be stayed until stakeholder process discussed in SHB 2220 concludes or December 1, 2008, whichever is earlier.

If Pierce County will agree to the following:

1. The County will not adopt guidelines on geoduck farming until after the stakeholder process discussed in SHB 2220 concludes, or December 1, 2008, whichever is earlier.
2. As to existing, permitted geoduck farms in Pierce County, the County will agree that, if a geoduck farm/project is established (i.e. farm boundaries have been established, the

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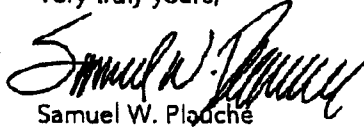
farm has been registered with the Washington Department of Fish and Wildlife and seeding has commenced) within five (5) years of issuance of the Shoreline Substantial Development Permit, then the farmer will not be required to obtain a new Shoreline Substantial Development Permit or renew his/her existing Shoreline Substantial Development Permit. Based on our discussion on Friday, I will prepare a letter articulating the legal basis for our contention that, under the Shoreline Management Act and Pierce County's Shoreline Master Program, Shoreline Substantial Development Permits for geoduck farms do not expire. It is my understanding that there are currently three permitted geoduck farms in Pierce County that are implicated by this issue: Taylor Shellfish Farm's Foss Farm (SD22-00); Taylor's Rogers Farm (SD54-05); and Paul Williams' Aquaduck Farm (SD10-05).

3. The County will put on hold any further review (including environmental review) of any pending application for a geoduck farm unless and until those applications are re-activated.

I look forward to hearing back from you once you have had an opportunity to review this proposal with your client. Please note that I will be out of the office from June 9 through June 18. If possible, I would therefore like to move this along before the end of the day on Friday, June 8.

Thank you for the discussion on Friday, and I look forward to working with you on these issues. Please don't hesitate to call me if you would like clarification on any of the above points.

Very truly yours,



Samuel W. Plouche

SWP:TAD



Pierce County

Department of Planning and Land Services

 CHUCK KLEEBERG
 Director

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June 19, 2007

Samuel W. Plauche
 Buck Gordon LLP
 2025 First Avenue, Suite 500
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Re: SD35-05 (DeTienne / Chelsea Farms), 404010 / 404012
 SD15-06 (Taylor / Erickson), 547827 / 547828
 SD22-06 (Longbranch Shellfish), 550600 / 550604
 SD34-06 (Taylor / Hibben), 557225 / 557226
 SD60-06 (Case Cove / Kent Kingman), 574317 / 547319
 SD64-06 (Seattle Shellfish), 580063 / 580064

Dear Mr. Plauche:

In response to your request, dated June 6, 2007, the County has granted a one-time only hold in processing for six months from the date of this letter, on the above referenced applications, in accordance with P.C.C. 18.100.020.D.

If you have any questions or concerns regarding this decision please contact Trish Byers, Associate Planner, at (253) 798-2613. Project specific questions should be directed to the assigned case planner.

Sincerely,

David Rosenkranz
 Chuck Kleeberg
 Director

DR/PB:sl

C: David Rosenkranz, Assistant Director
 Vicki Diamond, Supervisor, Current Planning
 Hugh Taylor, County Council, Research Analyst
 Trish Byers, Associate Planner, Current Planning
 Jill Guernsey, Deputy Prosecuting Attorney
 Chelsea Farm, Darrell A. Detienne, 3435 Cesar Chavez, Suite 312, San Francisco, CA 94110
 Taylor Shellfish, Diane Cooper, SE 130 Lynch Road, Shelton, WA 98584
 Longbranch Shellfish, Vivianne Barry, PO Box 246, Lakebay WA 98349
 Case Cove L.I.C., Kent Kingman, PO Box 220, Lakebay WA 98349
 Seattle Shellfish, Mr. Jim Gibbons, 2101 - 4th Avenue East, #201, Olympia WA 98516
 Margaret Archer, Attorney at Law, 1201 Pacific Ave., Suite 2100, Tacoma WA 98402

