

LANGABEER & TULL, P.S.

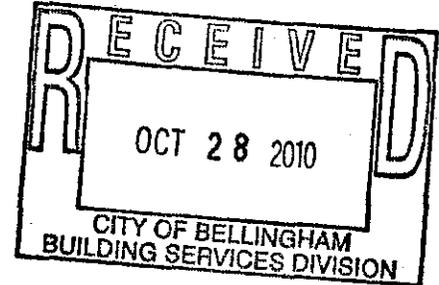
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October 28, 2010

Jeff Thomas, Interim Director
City of Bellingham
Planning and Community Development
210 Lottie Street
Bellingham, WA 98225



**Re: PDC2005-00006
VAR2005-00008
WET2005-00026**

**SUB2005-00024
SEP2005-00029**

Dear Mr. Thomas:

Thank you for meeting with me despite my cold. I appreciated the opportunity to explore the various issues confronting my client Greenbriar NW Associates, LLC and the City of Bellingham.

Based upon our conversations and after a very brief consultation with my clients, we will set aside our recent request for suspension of all SEPA-related work with this project and will work with you to investigate and negotiate appropriate changes and revisions to the SEPA agreement package.

You have indicated that ESA has communicated to you that it did some work last winter and that you believe reimbursement for that work will be in order. Rather than presently arguing about that and a number of other issues arising in connection with the work that the City and ESA have done we will deposit \$9,221.38 in the City account by the close of business on November 5th. As we discussed we have just learned from the City of this proposed billing and simply need time to internally process, issue and deliver the check. Our understanding is that no disbursement will be made until the contracts have been appropriately amended, clearly in keeping with the contract modification structure.

The next step is to review and discuss the SEPA costs (City and ESA) expended or incurred to date and the basis for the amendments and funding now proposed by the City for completion.

As you know the proposed revisions exceed the original contract sums intended to cover the entire process, not just the final comments, responses and other final EIS steps now proposed. Specifically, the original contract estimated \$75,000 for preparation of the EIS, including the City's fees. City fees are now projected at \$80,000, and ESA's at approximately \$262,000. This is over \$265,000 more than what was originally estimated for the entire EIS process. Such a dramatic increase is a matter of some concern.

That history and its details have never been reviewed or questioned since the ownership of Greenbriar NW Associates changed but now need to be understood as part

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of the due diligence review by the new participants. As you know, under section 3.3 of the City's contract with Greenbriar, we have the right to meet and confer with the City if we object to any projected, additional expense over and beyond the contract amount. If we cannot reach agreement with the City, we have the right to seek mediation or other informal alternative dispute resolution to resolve the disagreement.

We will get the check for \$9,221.38 to you next week. I will be on vacation beginning November 2nd for a week. We would ask that the SEPA consultant and the City time records be assembled for our review with the principals of Greenbriar NW Associates. We shall also appreciate obtaining an understanding of the basis for projecting the next rounds of work. We are concerned about costs and will need to be fully informed in order to make good decisions. We will then be able, we believe, to agree to necessary and reasonable contract amendments, and if necessary, complete the EIS and continue processing of the still pending permits and applications listed above.

We need to be clear as we work forward to clarify, revise and then fund the EIS work, that we may wish to revisit "suspension" of these processes if we are able to finish the "outside" agency clearances that are being sought that would allow sale negotiation with the City. We can address that when and as appropriate.

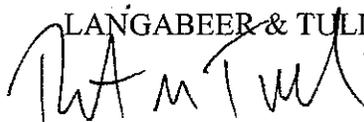
In the meantime resumption of the EIS process eliminates any issues. As we discussed, this approach is satisfactory to the City and resolves the issues and deadlines raised in your letters.

Finally as we discussed, you will provide us with written confirmation of your satisfaction with this approach.

Please let us know when we can begin review of the various records and documents.

Very truly yours,

LANGABEER & TULL, P.S.



Robert M. Tull

RMT: ao
cc: client
Peter Ruffato