

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: A-4

DATE: January 24, 2008

SUBJECT: Cairncross and Hempelmann
Negotiate an Agreement for Land Use Attorney Services

CONTACT PERSON: Deborah Knight, City Administrator *D. Knight*

ISSUE:

The issue before the City Council is to authorize the Mayor to negotiate a professional services contract with Cairncross and Hempelmann for land use attorney services to assist the City with adopting a compliant comprehensive plan under the State Growth Management Act.

STAFF RECOMMENDATION:

Authorize the Mayor to negotiate a professional services contract with Cairncross and Hempelmann for land use attorney services to assist the City with adopting a compliant comprehensive plan under the State Growth Management Act.

SUMMARY:

The Interview Panel including city staff and Planning Board member Charles Van Pelt determined that any of the firms interviewed would be capable of representing the City. After reviewing the panel's observations, the Mayor is recommending the City retain the services of Mr. Andrew (Andy) Lane of Cairncross and Hempelmann to provide special legal council for land use matters. Mr. Andrew (Andy) Lane with the firm Cairncross and Hempelmann appears to have the background and experience that fits the City's current needs.

Mr. Lane has previously worked for the Central Puget Sound Growth Management Hearings Board. He was also a Prosecuting Attorney for Snohomish County and provided legal counsel to the County's planning staff to craft a compliant comprehensive plan for Snohomish County in response to several petitions for review filed by Jody McVittie with the Central Puget Sound Growth Management Hearings Board against Snohomish County.

City staff recommend the City Council authorize the mayor to negotiate a contract for services with the firm Cairncross and Hempelmann.

BACKGROUND:

Selection Process

At its November 15 2007 meeting, the City Council directed staff to issue a request for proposal (Attachment B) for land use attorneys to assist the City in prepare a comprehensive plan compliant with the Growth Management Act.

The City received nine proposals and invited three first to interview: Bricklin Newman Bold, EKW and Cairncross. The panel asked a set of prepared questions to determine the firm's:

- Understanding of the issues facing the City of Sultan
- Successful experience with the Growth Management Hearings Board
- Experience working with a team of technical experts to create a compliant Comprehensive Plan consistent with the Growth Management Act.
- Strengths and weaknesses
- Ability to work well and communicate successfully with elected and appointed officials.

Cairncross and Hempelmann was selected after evaluating each of the three firms interviewed against the selection criteria.

Adopting a Compliant Comprehensive Plan

The most recent Final Decision and Order in Fallgatter IX also requires the City to do some extensive technical work to develop inventories of city facilities, identify the gaps between existing facilities and facilities needed to serve the City's future population. This work needs to be coordinated with the City's land use element, facilities elements (transportation, parks, city facilities, storm water, etc.), adopted levels of service, and the Capital Facilities Plan.

The City also needs to address the compliance order in Fallgatter V and Fallgatter VIII regarding the Transportation Element and Transportation Improvement Plan.

The City has taken a piecemeal approach to developing a compliant comprehensive plan. In other words, the City has addressed each Final Decision and Order from the Board as a standalone issue. Although this approach has limited the budget expenditure, it has not always produced successful results. The City appears to be in a "do-loop" with petitions and appeals that wrap around one-another.

The staff proposal is to address these issues holistically to ensure that the City's comprehensive plan comes together in one seamless piece.

In order to achieve this result, staff is proposing to contract with a number of comprehensive plan specialists including:

- Planning consultant who can develop a compliance strategy, perform technical analysis, and oversee the work of other subject matter experts.
- Land use attorney who specializes in the Growth Management Act, and representation in front of the Growth Management Hearings Board
- Long-range planners from Snohomish County to peer review the work done by the planning consultant and ensure consistency with the Snohomish County Comprehensive Plan
- Capital Facilities Plan expert who can bring together the City's various planning documents and capital plans into a cohesive whole, and develop a viable and sustainable financing strategy.

While this is perhaps the most comprehensive approach to ensure success, it is also the most expensive approach requiring coordination between several planning professionals and legal experts.

City staff recommend retaining the services of Mr. Lane as the land use attorney to provide special legal counsel to the City during the upcoming compliance effort.

DISCUSSION:

City staff recommend contracting with a land use attorney to provide legal guidance to the City throughout the compliance effort. In the past, the City and its consultants have completed the technical work to address the GMHB Final Decisions and Orders. Tom Graafstra, the City attorney has done his best to represent the City in front of the Board using the materials provided to him by staff and consultants.

The proposed approach is to retain the services of a land use specialist who is familiar with the Central Puget Sound Growth Management Hearings Board and who will guide the efforts of the planning consultants at each step of the way to ensure the technical work meets the depth and breadth requirements of both the GMA and the decisions of Board that will be used to review Sultan's work.

Washington cities or towns are not required to seek competitive bids for services such as special legal counsel. The City however chose to use a competitive process request for proposal process to select its land use attorney.

FISCAL IMPACT:

The City's 2008 budget includes \$200,000 in funding toward this effort. The budget is divided between the General and Enterprise Funds.

A decision to hire special legal council comes with fiscal impacts. The City's municipal attorney, Kathy Hardy charges \$140/hour for municipal work. Mike Kenyon, a senior partner with land use experience charges \$235. The proposed fee for Mr. Lane is \$275/hour. Mr. Lane's \$275/hour is a reduction from his normal rate of \$325/hour.

ALTERNATIVES:

1. Authorize the Mayor to negotiate a professional services contract with Cairncross and Hempelmann for land use attorney services to assist the City with adopting a compliant comprehensive plan under the State Growth Management Act.

This alternative implies that the City Council is comfortable with the staff recommendation to retain the services of Mr. Lane and Cairncross for this work, and the Council is prepared to authorize the necessary funding.

2. Do not Authorize the Mayor to negotiate a professional services contract with Cairncross and Hempelmann for land use attorney services.

This alternative implies that the City Council is not comfortable with the staff recommendation to retain the services of Mr. Lane, and/or the Council is not prepared to authorize the necessary funding

RECOMMENDED ACTION:

I MOVE TO AUTHORIZE THE MAYOR TO NEGOTIATE A PROFESSIONAL SERVICES CONTRACT WITH CAIRNCROSS AND HEMPELMANN FOR LAND USE ATTORNEY SERVICES TO ASSIST THE CITY WITH ADOPTING A COMPLIANT COMPREHENSIVE PLAN UNDER THE STATE GROWTH MANAGEMENT ACT.

ATTACHMENTS:

- A – Land Use Attorney Request for Proposal
 - B - Cairncross and Hemplemann Request for Proposal response
-

COUNCIL ACTION:

DATE:

City of Sultan
Request for Proposal
For Land Use Attorney

Purpose of Request

The City of Sultan ("City") is requesting proposals for the purpose of contracting for land use attorney services to represent the interests of the City as they relate to adopting a comprehensive plan compliant with the Growth Management Act (GMA).

The City anticipates that the submitted proposal will identify a lead Attorney who will devote approximately 40 hours per month on assisting the City and planning consultants in providing substantive review in developing a compliant comprehensive plan and representing the City in proceedings before the Growth Management Hearings Board. Additionally, one or multiple attorney(s), with the approval of the City, may assist the lead Attorney depending upon the size, structure, specialties and preferences of the proposing firm. Proposers are welcome to submit alternative approaches, but this is the model that the City anticipates to be most responsive to City needs. Although, the Attorney will be selected by the Mayor, as a general rule, the Attorney will report to the City Administrator and/or Community Development Director.

The City is in the process of contracting with several planning consultants to assist in creating a compliant comprehensive plan. The successful proposer will need to work as part of the City staff and consultant team coordinating as needed to assure proper but cost-effective management of legal issues.

Instructions to Proposers

Ten (10) copies of the proposal must be received by 4:00pm on Friday, December 14, 2007.

Proposals must be submitted to:

Deborah Knight
City Administrator
PO BOX 1199
319 Main Street
Sultan, WA 98294

All proposals submitted must provide the complete information as indicated in this request. Succinct and concise responses to this Request for Proposal are preferred. In addition to the required information, exhibits/information providing clarification may be attached.

The RFP is available on the City's website: www.ci.sultan.wa.us/

Issue

In 2004, the City of Sultan adopted its updated comprehensive plan (Plan). Since its original adoption, the Plan has been appealed nine times by a single petitioner (Fallgatter). The Central Puget Sound Growth Management Hearings Board has issued several Final Decision and Orders. Three of the Board's decisions are still outstanding (Fallgatter V, Fallgatter VIII, and Fallgatter IX). The remaining litigated

**City of Sultan
Request for Proposal
For Land Use Attorney**

issues are focused around the Transportation Element, levels-of-service, Transportation Improvement Plan (TIP), Capital Improvement Plan (CIP), and Capital Facilities Plan (CFP). The Park Element of the City's plan, and the land use element also may need to be updated, and finally the City's development regulations will need to be reviewed for consistency.

The most recent Final Decision and Order in Fallgatter IX requires the City to do some extensive technical work to develop inventories of City facilities, identify the gaps between existing facilities and facilities needed to serve the City's future population, and develop a financing strategy to pay for needed infrastructure. This work needs to be coordinated with the City's land use element, facilities elements (transportation, parks, City facilities, storm water, etc.), adopted levels of service, and the Capital Facilities Plan.

The City has taken a piecemeal approach to developing a compliant comprehensive plan. In other words, the City has addressed each Final Decision and Order from the Board as a standalone issue. Although this approach has limited the budget expenditure, it has not always produced successful results. The City appears to be in a "do-loop" with petitions and appeals that wrap around one-another.

The City is seeking the services of law firm or individual practitioner who will work closely with City staff and planning consultants to develop a comprehensive plan compliant with the Growth Management Act.

Scope of Services

1. Analyze relevant GMA provisions, Final Decisions and Orders from the Central Puget Sound Growth Management Hearings Board, and determine the state of the law as interpreted by the Growth Boards and the courts.
2. Analyze the City's comprehensive planning documents.
3. Review other public and legal documents related to adopting a comprehensive plan consistent with the Growth Management Act.
4. Develop and deliver a compliance strategy identifying the tasks and timeline to guide the work of the planning consultants and City staff.
5. Provide legal guidance and review the work of planning consultants to ensure the adequacy of existing inventories and adopted levels of service. Provide guidance to the planning consultants and City for revising levels of service.
6. Review the work of planning consultants and City staff to ensure the adequacy of the financing strategy proposed to meet adopted levels-of-service and serve the City's future population.
7. Review the draft elements and plans to ensure compliance with the Growth Management Act and internal consistency between planning documents.
8. Review the City's development regulations for consistency with the final adopted updates.

City of Sultan
Request for Proposal
For Land Use Attorney

9. Assist as necessary with drafting/reviewing a Supplemental Environmental Impact Statement and/or other public participation efforts.
10. Provide legal advice, counsel, services, consultation, opinions, and recommendations necessary to support the City's interests.
11. Appear before the planning board, City council, courts and administrative agencies to represent the City's interest.
12. Furnish legal representation at meetings and public hearings as directed by the City.
13. Work as part of the City staff and consultant team. Coordinate with other consultants and legal counsel, as needed, to assure proper but cost-effective management of legal issues, and proper coordination and transition of legal issues among special counsel.

Assignment or Subcontractors: No assignment or transfer of the contract, nor of any interest in the contract, shall be made by the Attorney without the prior written consent of the City.

Required contents for proposal

Firm Experience

- Provide a narrative description of the firm.
- Describe the general experience of the firm.
- Identify other government clients.
- Identify experience with the Growth Management Act including comprehensive planning, land use, levels-of-service, Growth Management Hearings Board, and environmental law.
- Submit a comprehensive list and description of all similar assignments completed within the past five (5) years to include contact persons who are familiar with your work, as well as addresses and telephone numbers.
- Provide a list of all cases in which the proposer has appeared before a Growth Management Hearings Board of the State of Washington, and identify the party represented;

Proposed Attorney or Team

- Name and describe the lead attorney(s) and/or team proposed. Clearly identify the lead Attorney and name assisting attorney(s) and include complete resumes of work history, experience, accomplishments, where worked, along with several job references, contact addresses and phone numbers.
- Specify the organization structure applicable to this contract, including who the lead Attorney is, and the relationship of any assisting attorney(s) to the lead Attorney.

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For Land Use Attorney

- If specialty attorney(s) or additional resources are available through your firm (in addition to the named team) to meet special or unusual needs, please identify such individuals and specialties as well.

Accessibility and Responsiveness

Identify the accessibility of the proposed designated lead Attorney. Identify how quickly the Attorney can arrive in person to attend an unscheduled, or urgent meeting. Identify the same for any assisting attorney(s).

Proposed Fee Structure

Propose a compensation package, inclusive of all service costs. The City is open to a variety of approaches, including hourly rates or a not-to-exceed retainer amount. The City will select the finalist by considering the experience of the firm and the proposed compensation as a “best and final offer,” although the City reserves the right to negotiate terms as needed to improve elements of the proposal to best meet the needs of the City, including cost.

An annual Cost-of-Living (COLA) increase shall be automatically calculated on January 1st of each contract year. This annual COLA increase shall be the same as granted to non-union City employees by the City Council at the close of each year, if any. If no increase is granted by the City Council, then no increase shall be effective for the contract.

References

Provide six professional work references for the lead Attorney to include name, address and telephone number.

- The City prefers references that include City or County government experience.
- Inclusion of the reference in your proposal is also agreement that the City may contact the named reference.
- The City may contact any companies or individuals, whether offered as references or not, to obtain information that will assist the City in evaluating the proposer. The City retains the right to use such information to make a selection decision.
- Submittal of a proposal is agreement that the City may contact and utilize such information.

Insurance

- Provide evidence of at least the following minimum insurance coverages:
- Automobile [check with CIAW]

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Request for Proposal
For Land Use Attorney

- Comprehensive General Liability [check with CIAW]
- Errors and Omissions (malpractice coverage) [check with CIAW]

Warranty

Provide a sample warranty you will provide for services or indicate if your services will be without warranty

Communications with the City of Sultan

Communications must be directed to the City Administrator or the Community Development Director:

Deborah Knight, City Administrator

Rick Cisar , Community Development Director

PO BOX 1199

PO BOX 1199

Sultan, WA 98294

Sultan, WA 98294

360-793-7358 phone

360-793-2231

deborah.knight@ci.sultan.wa.us

Rick.cisar@ci.sultan.wa.us

Unless authorized by the Mayor, no other City Official or employee can speak for the City regarding this request. The City is not bound by information, clarification, or interpretations from other City officials or employees. Proposers should not contact City officials or employees other than the City Administrator or Community Development Director. Failure to observe this requirement may be grounds for rejection of the firm's proposal.

Selection Process/Proposal Evaluation and Contract Award

The City intends to award a contract to the proposer(s) best qualified to perform the work for the City. Cost and other factors will be considered when selecting a firm and awarding a contract.

The actual selection of a firm and contract award will be made by the City Council. The City of Sultan reserves the right to reject any and all proposals or to request additional information.

Evaluation Criteria

An Evaluation Committee will be formed to evaluate proposals. The Evaluation Committee will review each proposal for compliance with the RFP. The Evaluation Committee will conduct interviews with finalists. Interviews may be conducted with some or all of the respondents. The Evaluation Committee shall evaluate each of the persons or firms interviewed in view of:

1. General experience of the firm
2. Specific experience with land use and the Growth Management Act
3. General qualifications and technical competency of the individuals in the firm
4. Specific qualifications and technical competency of the individuals to be involved in the assignment as they relate to this assignment

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For Land Use Attorney

5. Past performance for similar job assignments
6. Accessibility and response time
7. Insight and experience related to the assignment and the City's needs
8. Professional references
9. Fee schedule
10. Warranty

The Evaluation Committee will make its recommendation to the Mayor. The Mayor has the right to accept or reject the Evaluation Committee's recommendation.

Contract Term

The period of performance begins following City Council approval and extends for one year. The City reserves the right to establish an automatic renewal for a total of four years.

Contract Form

Those submitting proposals agree to sign the contract form of the City, if awarded this contract. A sample contract form is available upon request.

Award Schedule

RFP Release Date:	Monday, November 26, 2007
Proposals Due:	Friday, December 14, 2007
Evaluations/Interviews:	December, 17 – December 28, 2007
Contract Award:	Thursday, January 10, 2008
Service Start Date:	Monday, January 14, 2008

Terms and Conditions

The City of Sultan reserves the right to refuse any and all proposals and to waive any irregularities or informality in any proposal in the selection process. If selection of a service provider is made, final selection is the sole decision of the City of Sultan, and the respondents to the RFP or any other parties have no appeal rights or procedures guaranteed to them.

Any proposal may be withdrawn up until the date and time set above for opening of the proposals. Any proposal not so timely withdrawn shall constitute an irrevocable offer, for a period of ninety (90) days or until one or more of the proposals have been approved by the City, whichever occurs first.

Note: Rejects recommendation of hearing examiner, accepts hearing examiner findings of fact and some conclusions of law, makes other differing conclusions of law, grants application for PUD plat approval.

**CITY OF SULTAN
Sultan, Washington**

RESOLUTION NO. 08-03B

**A RESOLUTION OF THE CITY OF SULTAN
REJECTING THE HEARING EXAMINER'S
RECOMMENDATION, MAKING DIFFERING
CONCLUSIONS OF LAW AND ACCEPTING THE
SULTAN 144, LLC PLANNED UNIT
DEVELOPMENT AND SUBDIVISION
APPLICATION FOR A 63 LOT PLANNED UNIT
DEVELOPMENT (GREENS ESTATES)**

WHEREAS L43-1 Greens filed an initial application for approval of Greens Estates, a 107-lot Planned Unit Development (PUD) subdivision for single family development;

WHEREAS Sultan 144, LLC acquired portions of the property and the pending application and revised the application to seek approval of a 63 lot single-family residential Planned Unit Development (PUD) subdivision;

WHEREAS an open record hearing occurred before the City's Hearing Examiner on September 11 2007. The City Hearing Examiner issued a Recommendation dated September 19, 2007, and the applicant by Appeal dated October 12, 2007 appealed the Recommendation and requested a closed record hearing;

WHEREAS the application came before the City Council for a closed record hearing and appeal by the applicant on the "Recommendation" on January 24, 2008;

WHEREAS the City Council has determined based upon a review of the open record hearing to accept the Hearing Examiner's Findings of Fact and to accept some of the Hearing Examiner's Conclusions of Law and to make certain of its own Conclusions of Law;

NOW, THEREFORE:

- A.** The City Council rejects the Recommendation of the Hearing Examiner dated September 19, 2007.

- B. The City Council hereby accepts the Hearing Examiner's Findings of Fact.
- C. The City Council hereby adopts the Hearing Examiner's Conclusions of Law 1, 3, 9-10, 12-18, 24-31 and makes its own Conclusions of Law as follows:

Substitute Conclusion of Law 2: As subsequent conclusions will establish, Greens satisfies the location criteria for a PUD, and satisfies right of way width requirements of SMC 16.10.120 (B)(4)(b).

Substitute Conclusions of Law 4 -7: Greens Estates is about one mile from the nearest transit stop, a park and ride, and is generally situated similarly to Skoglund Estates, a PUD which this council has approved. The site fronts and has direct access on Sultan Basin Road. As recorded in the Findings of Fact, the applicant proposes to provide a bus pullout at the southwest corner of the site along Sultan Basin Road. SMC 16.10.110 B (2)(d) requires a PUD to be located such that "Transit is available in sufficient proximity to the site to facilitate transit access to the PUD-SF." This criteria does not require that the PUD be in sufficient proximity to facilitate "residents" in the PUD pedestrian access to a transit site. This criteria requires that "transit" is available in sufficient proximity "to facilitate transit access to the PUD-SF." This site, fronting on Sultan Basin Road achieves this facilitation of transit. Only sites not on a realistic potential transit route must be examined for pedestrian access to determine compliance with this location requirement.

Substitute Conclusion of Law 8: SMC 16.10.120 B allows variance of development standards in a PUD. Here the applicant proposes a conventional street, including sidewalks but proposes that the dedicated right of way be narrower, and that parts of the sidewalks be on public easements held by the City. Such modification of street standards is permitted under SMC 16.10.120 (B)(4)(b), and here it results in increased open space and larger lots for the project. The Council concludes that development of a full street and sidewalk in this fashion satisfies the requirements of 16.10.120 B so long as adequate clearance is preserved between the front of the garage and the back of the sidewalk for an eighteen foot vehicle, and such a condition is a condition of approval. Therefore, the Applicant shall create Covenants, Conditions and Restrictions on the project, to be recorded at the time of final plat approval, providing that garages whose vehicular door(s) face a street with reduced right-of-way and a sidewalk easement must maintain a 20-foot setback between the back edge of the sidewalk and the near face of the garage.

Substitute Conclusion of Law 11: SMC 16.150.010 (3) defines access for a lot. It provides in pertinent part "a lot shall abut by no less than 20 feet upon and have direct access to: (A) an opened, constructed and maintained public road;..." In this application, the applicant has designed access panhandles for a number of lots that are 15 feet wide and that flare at the sidewalk to 20 feet wide. The flared

panhandles result in larger lots for the future homeowners. Moreover, since the Fire Marshal has confirmed that the 15-foot wide flared panhandles provided adequate emergency vehicle access, the Council finds that the short access flares and reduced panhandle widths satisfy the requirements of SMC 16.150.010 (3).

D. Based on the foregoing, the Council imposes the following additional conditions on the project:

Revised Condition 5(d): Garages whose vehicular door(s) face a street with reduced right-of-way and sidewalk easements must maintain a twenty (20) foot setback between the back edge of sidewalk and the near face of the garage.

Revised Condition 12: Roads A, B, C, and E will provide the standard City of Sultan Road Section within a reduced right-of-way (50 feet instead of 60 feet) and will place the required sidewalks within easements on private property. Roads D and F, as shown on the preliminary plans, are permitted to deviate from the design standards. Roads D and F have a reduced right-of-way width (50 feet instead of 60 feet) and have eliminated one (1) parking lane. Sidewalks will be within the right-of-way for Roads D and F.

Revised Condition 33: The project shall comply with the Consent for Use of Puget Sound Energy, Inc. Transmission Line Easement executed by Sultan 144, LLC on December 13, 2007, and the Consent shall be recorded prior to approval of the final plat.

E. The Greens Estates Planned Unit Development is hereby approved for a 63-lot planned unit development and subdivision on the conditions as reviewed and revised by the hearing examiner and as further revised by Substitute Conclusion of Law 8 and paragraph D above.

PASSED BY THE Sultan City Council and **APPROVED** by the Mayor this ____ day of _____ 2008.

CITY OF SULTAN

By _____
Carolyn Eslick, Mayor

Attest:

By _____
Laura Koenig, City Clerk

By _____
Council Member Flower

By _____
Council Member Champeaux

By _____
Council Member Blair

By _____
Council Member Slawson

By _____
Council Member Doornek

By _____
Council Member Davenport-Smith

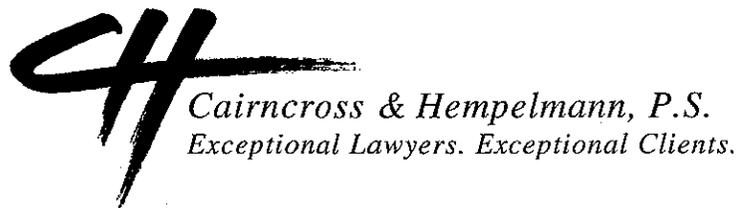
By _____
Council Member Wiediger

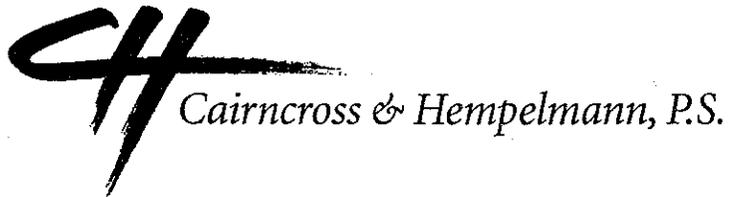
Cairncross & Hempelmann, P.S.

Response to Request for Proposal for Land Use Attorney

City of Sultan

Response submitted December 14, 2007





December 14, 2007

VIA HAND DELIVERY

Deborah Knight
City Administrator
PO Box 1199
319 Main Street
Sultan, WA 98294

Re: Request for Proposal for Land Use Attorney

Dear Deborah:

I am pleased to respond to the above-referenced request, and would very much like to assist the City of Sultan in developing and defending a Growth Management Act (GMA) compliant Comprehensive Plan, as well as to provide other land use services. As a firm, we are particularly well-skilled to assist in this regard given the nature of our very experienced land-use specialists. Our land use group brings nearly 100 years of combined experience and is recognized as one of the premier land use, natural resources and real estate development staffs in the state of Washington. As Lead Attorney for this project, I bring over 10 years of GMA-specific land use experience.

As requested, I will address each item in the required contents, as follows:

Firm Experience

1. Narrative Description of the Firm

Cairncross & Hempelmann ("C&H") is a Seattle-based law firm with offices located in the City's historic Pioneer Square District. Now in its 19th year, C&H employs 41 lawyers who advise companies and individuals in the following eight practice areas: Land Use, Real Estate, Litigation, Creditors' Rights & Bankruptcy, Intellectual Property & Technology Transactions, Corporate Finance & Business Transactions, Tax and Employment. In addition to these traditional practice areas, C&H has combined the skills and experience of lawyers from different practice areas to offer legal services targeted specifically to select client industries, including Hospitality, Travel & Tourism, Real Estate Development, Tax Credits, and 1031/Tenant In Common Programs, to name just a few. The attorneys and staff at C&H are dedicated to providing highly efficient legal assistance and superior service to each of our clients. C&H is a

Law Offices

524 Second Avenue, Suite 500

Seattle, Washington 98104-2323

Phone: 206-587-0700 • Fax: 206-587-2308

www.cairncross.com

alane@cairncross.com
206-254-4409

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member of Mackrell International, a global network of more than 65 law firms located in 101 offices around the world, and is regularly recognized as a "Best Workplace" by local publications (*Washington CEO*, *Seattle Business Monthly* and the *Puget Sound Business Journal*) as well as various industry groups.

2. General Experience of the Firm

In the practice of Land Use, we help our clients find the most direct route to, and creative solutions for, obtaining the decisions needed to move ahead. Our extensive experience in the field translates into an astute technical knowledge of applicable laws and regulations and how they have been interpreted and applied. Of equal importance is our understanding of, and strong relationships with, regulatory officials. Our land use specialists are prepared to assist with any element of land use, natural resources and environmental law, including:

- Growth Management Act compliance and appeals
- Comprehensive Planning and Zoning
- Environmental Impact Statements
- SEPA and NEPA compliance
- Land Use Entitlements
- Master Planned Developments
- Impact and Mitigation Fees
- Conditional Use Permits, Variances and Nonconforming Uses
- Subdivisions
- Annexations
- Forest Practices
- Sand, Gravel, and Rock Mining
- Shoreline Management Act
- Wetlands and other Environmentally Sensitive Areas
- Endangered Species Act
- Public Procurement and Contract issues
- Legislative Amendments
- Land Use and Environmental Litigation and Settlements

3. Other Government Clients

As a firm, we have provided Land Use services to many governmental entities, including the following:

- City of Napavine
- City of Burien
- Kitsap County
- Lewis County
- Airport Communities Coalition – including the Cities of Burien, Normandy Park, Tukwila, Federal Way and the Highline School District.

4. Experience with Growth Management Act

Below are listed several specific projects which exemplify the wide span of our Growth Management Act experience:

Lewis County

C&H assisted Lewis County in developing and adopting agricultural resource lands designations and regulations. Lewis County has been in GMA non-compliance and invalidity on this issue for nearly seven contentious years. In 2007, the County engaged C&H to bring the County into compliance. In less than eight months, we guided the Planning Commission and Board of County Commissioners in the adoption of revised designation criteria, Comprehensive Plan policies, and implementing development regulations. We are now defending that action in compliance proceedings before the Western Washington Growth Management Hearings Board.

City of Napavine

C&H is assisting the City of Napavine in obtaining urban growth area expansions. Napavine faces unique infill challenges and we are working with the City, Lewis County, and the Department of Community, Trade, and Economic Development to ensure Napavine has the necessary room to grow and to accommodate its 20-year population allocation. The County recently adopted Napavine's first phase of expansion.

Cardinal Glass Industries – Winlock, Lewis County

C&H assisted Cardinal Glass Industries obtain entitlements to build a 600,000-square foot float glass manufacturing plant in rural Lewis County. Cardinal Glass is a world leader in developing and manufacturing energy efficient glass. They operate 27 plants in

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the U.S. and came to C&H when they had difficulty obtaining approvals for a plant in the Pacific Northwest. After a nearly seven-year search, Cardinal identified a suitable plant site near Winlock in Lewis County. Working closely with County and State agencies and elected officials, C&H developed a strategy that implemented a never-before-used provision of the Growth Management Act ("GMA"). The strategy involved amending the County's comprehensive plan and development regulations, and creating a review process for a Major Industrial Development under the GMA. C&H ensured the development of a defensible record during the review and approval process, and successfully defended numerous appeals of the permits for the plant in proceedings before a variety of local, State, and Federal appeals bodies. The Cardinal plant came on line in late 2006 and is now supplying glass throughout the West, while providing needed jobs in Lewis County.

Kitsap County

C&H assisted Kitsap County in the adoption and defense of its ten-year comprehensive plan update. C&H stepped in when the County's most senior land use attorney was away on medical leave. We worked with the Prosecuting Attorney's office, County Commissioners, and Community Development, assisting with strategy, analysis, adoption, and defense of the County's ten-year urban growth area update and comprehensive plan review.

Trendwest Resorts, Inc./Trendwest Properties – Roslyn, Kittitas County

C&H provided strategic and legal advice to Trendwest Resorts, Inc. and Trendwest Properties, Inc. Trendwest is generally recognized as the leading timeshare vacation company in the Country. C&H assisted Trendwest in obtaining entitlements and developing a Master Planned Resort ("MPR") in eastern Washington. This resort is now known as Suncadia. Approvals required expanding the City of Cle Elum's Urban Growth Area ("UGA") by 1,100 acres and creating an MPR of 6,000 acres. As with Cardinal Glass, our work on behalf of Trendwest covered the broadest possible range of legal, planning, political and community relations issues. We addressed many issues involving the GMA, SEPA, and municipal laws in the context of both MPRs and UGAs. Our work included significant involvement in the preparation of two environmental impact statements; assisting in the preparation of numerous municipal plans and ordinances; working closely with Kittitas County and City governments; negotiating with numerous state agencies, including the Department of Ecology, the Department of Fish and Wildlife, and the Department of Community, Trade and Economic Development; spearheading state legislative changes needed to facilitate Trendwest's project, including the only 1998 amendment to the GMA; negotiating agreements with community groups; and successfully litigating before the Growth Management Hearings Board and the Superior Courts and, after prevailing in all appeals, we successfully led the effort to settle

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all remaining issues with several groups of opponents. The resort is being built and people are now living and playing in Suncadia.

Plum Creek Timber Co., L.P. – Black Diamond, King County

C&H assisted Plum Creek Timber Co., L.P., one of the largest landowners of timber property in the United States, in maximizing the value of and eventually selling over 1,000 acres of property in and around the City of Black Diamond. To this end, C&H negotiated an innovative Urban Growth Area agreement with King County and the City of Black Diamond, and successfully defended that agreement before the Central Puget Sound Growth Management Hearings Board. To further that agreement, we took the lead in partnering with the City of Black Diamond to create and implement a transfer of development rights program, the creation of development regulations, revisions to existing development regulations, and comprehensive plan amendments. In addition, we secured water from the City of Tacoma to serve future development in the UGA. As a result of our efforts, Plum Creek sold all its Black Diamond properties to the Yarrow Bay Group, one of the Northwest's leading independently-operated property development and management companies, in 2006. After the sale closed, Yarrow Bay asked C&H to represent it in obtaining entitlements and developing two Master Plan Developments within the City of Black Diamond. That work is ongoing.

Additional examples are readily available, should you require them.

5 *Comprehensive List & Description of similar Assignments Completed Within the Past Five (5) Years, including contact information*

Paragraph 4, above, describes similar work for Lewis County, the City of Napavine, and Kitsap County. Here are contact names:

- Michael Golden, Lewis County Prosecuting Attorney – (360) 740-2638
- Steve Ashley, Napavine Planning Director and Public Works Director – (360) 262-9231
- Shelley Kneip, Kitsap County Senior Deputy Prosecuting Attorney – (360) 337-4975

6 *List of All Cases In Which Proposer Has Appeared Before a GMA Hearings Board of the State of WA, and Parties Represented*

As a contract attorney and hearings examiner for the Growth Management Hearings Boards between 1996 and 2000, I was involved in dozens of GMA appeals. The following matters are cases I have been involved with since leaving the Board.

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- *City of Spokane v. Spokane County*, EWGMHB 02-1-0001 (outside counsel for City of Spokane)
- *Windsong Neighborhood Association v. Snohomish County*, CPSGMHB 03-3-0007 (represented Snohomish County)
- *Hensley v. Snohomish County*, CPSGMHB 03-3-0009 (represented Snohomish County)
- *1000 Friends v. Snohomish County*, 03-3-0019 (represented Snohomish County)
- *Grieve v. Snohomish County*, 04-3-0017 (represented Snohomish County)
- *Chevron USA v. Hearings Board*, 123 Wn. App. 161 (represented Snohomish County in Court of Appeals case)
- *Roth v. Lewis County*, WWGMHB 03-2-0020 (represented intervenor Cardinal Glass)
- *Olympic Building and Construction Trades Council v. Lewis County*, WWGMHB 04-2-0041 (represented intervenor Cardinal Glass)
- *Harader v. Winlock*, WWGMHB 06-2-0007 (represented intervenor Cardinal Glass)
- *The McNaughton Group v. Snohomish County*, CPSGMHB 06-3-0027 (represented The McNaughton Group)
- *Seattle v. Burien*, CPSGMHB 07-3-0005 (represented Burien)
- *Coalition for Healthy Economic Choices in Kitsap County v. Kitsap County*, CPSGMHB 07-3-0009 (represented Kitsap County)
- *Burien v. Seattle*, CPSGMHB 07-3-0013 (represented Burien)
- *Suquamish Tribe v. Kitsap County*, CPSGMHB 07-3-0019 (represented Kitsap County)
- *Dyes Inlet Preservation Council v. Kitsap County*, CPSGMHB 07-3-0021 (represented Kitsap County)
- *Rohwein v. Kitsap County*, CPSGMHB 07-3-0022 (represented Kitsap County)
- *Bothell v. Snohomish County*, CPSGMHB 07-3-0026 (represented intervenor The McNaughton Group)
- *Panesko v. Lewis County*, WWGMHB 00-2-0031 (representing Lewis County)

Proposed Attorney or Team

1. *Name and Description of Lead Attorney and/or Team Proposed*

I am proposing that I perform as Lead Attorney, with assistance by my fellow land use attorney, Sean K. Howe. My complete resume, including work history, is attached as **Attachment A**. Mr. Howe's complete resume, including work history, is attached as **Attachment B**.

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2. Additional Resources

In addition to the team proposed above, the combined resources of the Cairncross & Hempelmann Land Use team is available should any special or unusual needs arise.

John W. Hempelmann has nearly 40 years of experience and is recognized as one of the premier land use, natural resources and real estate development attorneys in the state of Washington. He has worked extensively to help form the legislation that governs Washington's land use law and assists clients with their natural resource permit processes and real estate development projects, including their land use, zoning and environmental matters. He is a full member and Vice Chair of the Seattle District Council of the Urban Land Institute, the preeminent, multidisciplinary real estate forum, which facilitates the open exchange of ideas, information and experience among local, national and international industry leaders and policy makers dedicated to creating better places to live, work and recreate. John is the past Chairman of the Legal Trust of the Building Industry Association of Washington and is a member of the Association of Washington Business Land Use Committee. He is on the Legal Committee of the Washington Forest Protection Association and serves on the Leadership Committee of the Alaskan Way Viaduct/Seawall Coalition. In addition, he formerly served on the State CTED Task Force on Master Planned Resort Policies, the King County School Mitigation Task Force, the King County Affordable Housing Task Force, the King County Task Force on School Construction Financing, and the King County Golf Course Policies Committee.

Donald E. Marcy has nearly 30 years of experience and advises clients on land use and real estate development matters. He has extensive knowledge of and practical experience with the application of land use laws including the Growth Management Act, the State Environmental Policy Act, the Shoreline Management Act, and wetlands regulations, such as Section 404 of the Clean Water Act. His clients include developers and owners of industrial, commercial, retail, institutional, and residential properties. He also assists clients in real estate transactions and general real estate issues. Don is a member of the Washington State Bar Association and a former director of the Environmental and Land Use Law Section. He currently serves on the Board of Directors for the Washington State Chapter of the National Association of Industrial and Office Properties.

For nearly fifteen years, **Nancy Bainbridge Rogers** has assisted clients with feasibility analysis, permit and entitlement acquisition, and bringing and defending the litigation sometimes required to protect development permits and property rights. She has worked on campus-style commercial development, high rise buildings, large and small residential subdivisions, and sand, gravel, and rock extraction operations. She is a member of both the Alaska and Washington State Bar Associations, and is also active in the National Association of Industrial & Office

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Properties, the Seattle Chapter of Commercial Real Estate Women, and the Washington Aggregates and Concrete Association.

Accessibility and Responsiveness

I and Mr. Howe are both available to begin work immediately on the City of Sultan's Comprehensive Plan. As a general rule, our firm prides itself on its responsiveness. As a mid-sized firm, we compete successfully against blue-chip national firms for sophisticated work across all practice areas. We accomplish that by being intensely attentive to our client needs. We strive to be a seamless extension of our clients' in-house teams. We also strive to be efficient, and to that end, work to provide the appropriate team, at the appropriate experience levels to provide the most cost-effective service to clients, including utilizing specially-trained, non-lawyer staff in appropriate circumstances. In addition, all our staff is trained to our standards of responsiveness.

In terms of travel time, it is anticipated that attendance at an unscheduled or urgent meeting would require at least two hours of lead time in order to provide for timely arrival (based on distance), however given the nature of business, generally, we prefer a minimum twenty-four hour notice period. We are usually available for telephone meetings with little notice.

Proposed Fee Structure

We believe our rates to be highly competitive with any of the firms in Seattle with equivalent expertise.

Andrew S. Lane, Principal - current hourly rate of \$300, discounted to \$275
Sean K. Howe, Associate - current hourly rate of \$220

John W. Hempelmann, Principal - current hourly rate of \$525
Donald E. Marcy, Principal - current hourly rate of \$400
Nancy Bainbridge Rogers, Principal - current hourly rate of \$310

In addition to the above lawyers, it is expected that we will make use of non-legal professionals where it is efficient to do so. Our current hourly rate for paralegals ranges from \$75 to \$135, depending on their level of experience and knowledge. If the City of Sultan would prefer to include a monthly or project "not to exceed" total, we would be happy to do so. As a general rule, when beginning a large project, such as that proposed here, we discuss expectations -- both the client's and potential cost thereof. We regularly work with clients who have a "not to exceed" monthly amount requiring additional discussion before subsequent monthly charges are incurred.

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References

References (and contact information therefore) for Andrew Lane include the following:

Michael Golden, Esq.
Lewis County Prosecuting Attorney
360-740-2638

Joe Tovar, FAICP
City of Shoreline Planning Director and
Former Board Member, Central Puget Sound Growth Management Hearings Board
206-546-3327

Jason Cummings, Esq.
Snohomish County Chief Civil Deputy Prosecutor
425-388-6332

Michael McCormick, FAICP
Planning Consultant and First GMA Division Manager,
Department of Community, Trade and Economic Development
360-754-2916

Shelly Kneip, Esq.
Kitsap County Senior Deputy Prosecutor
360-337-4975

Mike Martin
Burien City Manager
206-248-5503

Insurance

Insurance documentation is attached as **Attachment C**.

Warranty

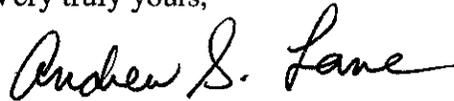
C&H strives to provide the highest quality legal services to achieve client goals.
However, our services will be without warranty.

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In Closing

I hope this letter addresses the City's specific questions, and that we have an opportunity to assist on this project. As I have referenced above, I believe that Cairncross & Hempelmann is uniquely suited to assist the City of Sultan in developing and defending a GMA-compliant Comprehensive Plan. Please call me if I can answer any questions or provide any additional information.

Very truly yours,



Andrew S. Lane

ASL/mws

Enclosures

cc: Sean K. Howe, Esq.
Marcy Whited Salo

Attachment A

Resume of Andrew S. Lane

Andrew S. Lane

Cairncross & Hempelmann, P.S.

524 Second Avenue, Suite 500

Seattle, WA 98104-2323

(206) 587-0700

alane@cairncross.com

EXPERIENCE

Cairncross & Hempelmann, P.S.

Seattle, WA

Principal

August 2004 - present

Andy's practice focuses on all aspects of land use and environmental law, with an emphasis on the Growth Management Act. He advises municipalities, landowners and developers, and Native American tribes regarding the GMA, the Shoreline Management Act, land use and environmental permitting and enforcement issues, water rights, and natural resource issues. He is a frequent speaker and author on the Growth Management Act and related issues.

Snohomish County, Civil Division of Prosecuting Attorney's Office

Everett, WA

Deputy Prosecuting Attorney

July 2002 – July 2004

Advise County Council, County Executive, and County planning and public works staff in land use and environmental regulatory matters. Defend County in administrative and judicial appeals of GMA actions and other land use matters. Currently have cases before the Court of Appeals, Superior Courts, and the GMHB. Primary DPA responsible for coordinating legal review of GMA comprehensive plan compliance review and urban growth area update, including SEPA review. Prosecute land use code enforcement actions. Also periodically represent the County in involuntary commitment proceedings under State mental illness statutes.

Andrew S. Lane, Attorney at Law

Kent, WA

Solo land use & environmental law practice

November 2001 – June 2002

Advised public and private clients in land use and environmental regulatory matters, including GMA administrative appeals and compliance strategies, SEPA compliance, development approval, and water rights issues. Also provided contract legal research to law firms.

Foster Pepper & Shefelman PLLC

Seattle, WA

Of Counsel

March 2000 – November 2001

Advised public and private clients in wide range of land use and environmental regulatory matters, including GMA, LUPA, SEPA, SMA, ESA, and water quality issues. Defended private clients in administrative land use enforcement actions. Advised public clients regarding prosecution of enforcement actions and settlement negotiations. Conducted land use due diligence analysis of numerous properties for proposed commercial, mixed-use, and residential developments. Also edited firm's Land Use & Environmental Newsletter.

Central Puget Sound Growth Management Hearings Board
Western Washington Growth Management Hearings Board
Hearings Examiner / Contract Attorney / Law Clerk

Seattle, WA
Olympia, WA
May 1996 – June 2000

Drafted board opinions, frequently involving issues of first impression. Analyzed briefs and researched wide variety of land use planning and environmental issues. Regularly discussed cases and issues with board members. Hearings examiner for WWGMHB, provided legal analysis and advice to board in matter where attorney board member recused himself.

Federal Aviation Administration, Northwest Mountain Region
Legal Extern

Renton, WA
May 1995 - July 1995

Conducted legal research, drafted pleadings, and assisted agency counsel during deposition and administrative hearing for personnel case before the Merit Systems Protection Board. Involved in hazardous materials enforcement actions, environmental issues for Denver International Airport and proposed third runway at Sea-Tac Airport.

Seattle University School of Law
Teaching Assistant

Tacoma, WA
Administrative Law - Fall 1995
Civil Procedure - Fall 1994, Spring 1995

Taught analytical framework of substantive law to study groups. Created practice exams and critiqued students' exam answers to help students improve analytical skills.

EDUCATION

Seattle University School of Law, Tacoma, WA
J.D., May 1996
Associate Editor, Seattle University Law Review

University of Florida, Gainesville, FL
B.S. in Forest Resources and Conservation, 1982

WASHINGTON BAR ADMISSION

December 1996

PRESENTATIONS AND PUBLICATIONS

My publications include writing the GMHB Update for the WSBA Environmental and Land Use Law Newsletter between 1998 and 2004, as well as articles ranging from Ecology's Shoreline Guidelines to RLUIPA.

My presentations include teaching the GMA portion of the Legal and Administrative Framework class for UW's Master's Degree Program in Urban Planning for three years, as well as numerous CLE presentations addressing topics ranging from ethics to lead-based paint liability. A complete list of presentations and publications is available on request.

Attachment B

Resume of Sean K. Howe

SEAN K. HOWE

Cairncross & Hempelmann, P.S.
524 Second Avenue, Suite 500
Seattle, WA 98104-2323
(206) 587-0700
showe@cairncross.com

PROFESSIONAL EXPERIENCE:

Associate **Cairncross & Hempelmann**
January 2005 – present Seattle, Washington
Land use attorney representing private and nonprofit clients seeking governmental approvals of a variety of projects ranging in size from individual residential docks to major subdivisions and corporate campuses.

Deputy Prosecuting Attorney **Civil Division, Snohomish County Prosecutor's Office**
June 2002 – December 2004 Everett, Washington
Provided legal advice on environmental, land use, and permitting matters. Legal adviser for Critical Areas Ordinance Update under Growth Management Act. Legal adviser for Master Program Update under Shoreline Management Act. Represented County in Clean Water Act matters, including 2002 appeal (joined by the Boeing Company and the Association of Washington Business) of the Department of Ecology's Industrial Stormwater General Permit, defense of citizen's suits, and negotiations with Ecology regarding all of the County's stormwater permits. Defended County land use actions. Advised County on SEPA compliance for Brightwater regional wastewater treatment project.

Environmental Attorney **U.S. Army Judge Advocate General's (JAG) Corps**
May 2001 – February 2002 III Corps, Fort Hood, Texas
Sole responsibility for legal advice regarding environmental compliance at one of the largest and most complex military bases in the world. Fort Hood comprises over 217,000 acres, 28 million square feet of buildings, 14,000 vehicles, and a joint-use airport. Advised Public Works managers and military commanders on stormwater, real estate leases, protection of cultural resource sites, the Endangered Species Act, the Clean Water Act, and the National Environmental Policy Act.

Chief, Administrative Law **JAG Corps**
April 2000 – April 2001 1st Cavalry Division, Fort Hood, Texas
Primary legal advisor to leadership of the largest Division in the U.S. Army on issues of ethics, public disclosure, accident and personnel investigations, and regulatory compliance. Supervised three attorneys.

Trial Defense Counsel **JAG Corps**
April 1998 – April 2000 Mannheim, Germany
First-chair felony trial experience defending soldiers stationed throughout Europe.

Administrative Law Attorney

JAG Corps

June 1996 – April 1998

Heidelberg, Germany and Taszar, Hungary

Advised management of 50,000-employee organization on labor law, ethics, public disclosure, personnel investigations, and other issues.

Trial Counsel and Operational Law Attorney

JAG Corps

May 1995 – May 1996

10th Mountain Division, Fort Drum, New York

First-chair trial experience prosecuting felony and misdemeanor cases. Primary legal adviser to 10th Mountain Division commanders on Rules of Engagement and other operational issues.

Legal Assistance and Tax Attorney

JAG Corps

April 1994 – May 1995

10th Mtn. Div., Fort Drum, NY and Port Au-Prince, Haiti

Advised soldiers and family members on issues of family law, wills and estates, and landlord-tenant relations. Supervised Tax Assistance Center providing free tax preparation for soldiers and their family members.

EDUCATION:

JD, University of Washington Law School. Comments Editor, Pacific Rim Law and Policy Journal.

BA, Politics, Whitman College. Top 10% of class.

BAR ADMISSIONS: Washington State; US Court of Military Appeals; U.S. District Court, Western District of Washington.

Attachment C

Insurance Documentation

LAWYERS
COMMON POLICY DECLARATIONS
ISSUE DATE: 07/12/07

POLICY NUMBER: BA-6669C080-07-SEL

INSURING COMPANY:
THE TRAVELERS INDEMNITY COMPANY OF AMERICA

1. NAMED INSURED AND MAILING ADDRESS:
CAIRNCROSS & HEMPELMANN, P.S.
AND AS PER CA T8 00
524 SECOND AV SUITE 500
SEATTLE, WA 98104

2. POLICY PERIOD: From 08/21/07 to 08/21/08 12:01 A.M. Standard Time at
your mailing address.

3. LOCATIONS

Premises	Bldg.			
Loc. No.	No.	Occupancy		Address

4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
COMMERCIAL AUTOMOBILE COV PART DECLARATIONS CA TO 01 02 07 TIA

5. NUMBERS OF FORMS AND ENDORSEMENTS
FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy
containing its complete provisions:

Policy	Policy No.	Insuring Company
--------	------------	------------------

DIRECT BILL
7. PREMIUM SUMMARY:
Provisional Premium \$ 241
Due at Inception \$
Due at Each \$

NAME AND ADDRESS OF AGENT OR BROKER:
PARKER SMITH & FEEK INC (68821)
2233 112TH AVE NE
BELLEVUE, WA 98004

COUNTERSIGNED BY:


Authorized Representative

DATE: _____

IL TO 02 11 89 PAGE 1 OF 1
OFFICE: SEATTLE

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BUSINESSOWNERS COVERAGE PART DECLARATIONS

OFFICE PAC

POLICY NO.: I-680-2016C97A-CDF-07
ISSUE DATE: 08-02-07

INSURING COMPANY:
THE CHARTER OAK FIRE INSURANCE COMPANY

POLICY PERIOD:
From 08-21-07 to 08-21-08 12:01 A.M. Standard Time at your mailing address.

FORM OF BUSINESS: CORPORATION

COVERAGES AND LIMITS OF INSURANCE: Insurance applies only to an item for which a "limit" or the word "included" is shown.

COMMERCIAL GENERAL LIABILITY COVERAGE

OCCURRENCE FORM	LIMITS OF INSURANCE
General Aggregate (except Products-Completed Operations Limit)	\$ 4,000,000
Products-Completed Operations Aggregate Limit	\$ 4,000,000
Personal and Advertising Injury Limit	\$ 2,000,000
Each Occurrence Limit	\$ 2,000,000
Damage to Premises Rented to You	\$ 300,000
Medical Payments Limit (any one person)	\$ 5,000

BUSINESSOWNERS PROPERTY COVERAGE

DEDUCTIBLE AMOUNT: Businessowners Property Coverage: \$ 1,000 per occurrence.
Building Glass: \$ 1,000 per occurrence.

BUSINESS INCOME/EXTRA EXPENSE LIMIT: Actual loss for 12 consecutive months

Period of Restoration-Time Period: Immediately

ADDITIONAL COVERAGE:
Fine Arts: \$ 757,798

Other additional coverages apply and may be changed by an endorsement. Please read the policy.

SPECIAL PROVISIONS:

**COMMERCIAL GENERAL LIABILITY COVERAGE
IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

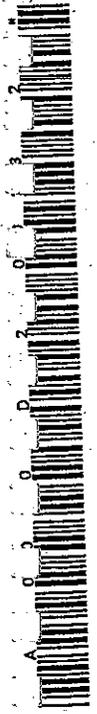
B-19

BUSINESSOWNERS PROPERTY COVERAGE

PREMISES LOCATION NO.: 01 BUILDING NO.: 01

COVERAGE	LIMIT OF INSURANCE	VALUATION	COINSURANCE	INFLATION GUARD
BUILDING *Replacement Cost	\$ 1,752,240	RC*	N/A	3.0%
BUSINESS PERSONAL PROPERTY *Replacement Cost	\$ 1,548,750	RC*	N/A	3.0%
COVERAGE EXTENSIONS:				
Accounts Receivable	\$ 25,000			
Valuable Papers	\$ 1,630,000			

Other coverage extensions apply and may be changed by an endorsement. Please read the policy.



B-20



AXIS PRO MID-SIZE LAWYERS PROFESSIONAL LIABILITY POLICY

DECLARATIONS

THIS POLICY IS WRITTEN ON A CLAIMS MADE AND REPORTED BASIS AND COVERS ONLY CLAIMS FIRST MADE AND REPORTED AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE. THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED AND MAY BE TOTALLY EXHAUSTED BY AMOUNTS INCURRED AS CLAIM EXPENSES. PLEASE READ THIS POLICY CAREFULLY.

INSURER: AXIS Reinsurance Company **POLICY NUMBER:** RGN 727215/01/2007

Item 1. Named Insured: Cairncross & Hempelmann, P.S. 524 Second Avenue, Suite 500 Seattle, Washington 98104	Item 2. Policy Period: (A) Inception Date June 15, 2007 (B) Expiration Date June 15, 2008 Both dates at 12:01 a.m. at the address listed in Item 1.
---	---

Item 3. Limits of Liability (Inclusive of Claim Expenses):
\$ 5,000,000 each and every Claim

\$ 5,000,000 aggregate

Item 4. Retentions:
\$ 100,000 each and every Claim

Item 5. Extended Reporting Period:
(A) Additional Premium: 125% (1 Year) or 250% (3 Year) of annualized premium for the Policy Period
(B) Length of Extended Reporting Period: 1 Year or 3 Year

Item 6. Notices to Insurer:

<u>Notice of Claim(s) To Be Sent To:</u> AXIS Professional Insurance Address: Connell Corporate Park Three Connell Drive P.O. Box 357 Berkeley Heights, NJ 07922-0357 Facsimile: (908) 508-4389	<u>All Other Notices To Be Sent To:</u> AXIS Professional Insurance Address: One State Street Suite 1700 Hartford, CT 06103 Facsimile: (860) 707-1725
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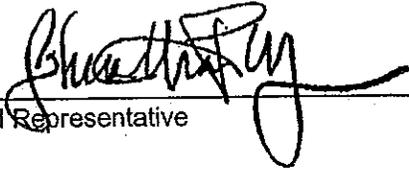
Item 7. Terrorism Coverage:
Coverage Purchased by Named Insured: Yes No
If yes, Terrorism Coverage Premium: \$ N/A

"SERVICE FEE FULLY EARNED"

Item 8. Premium: \$200,315 **SERVICE FEE** \$ 5,500. —

Item 9. Endorsements Effective at Inception: No. 1 LM 0426 Washington Amendatory Endorsement;

The Insurer has caused this Policy to be signed and attested by its authorized officers, but it shall not be valid unless also signed by another duly authorized representative of the Insurer.

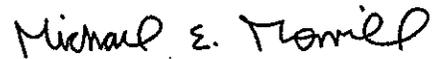


Authorized Representative

August 15, 2007

Date


Secretary


Michael E. Merrill
President

LEXINGTON INSURANCE COMPANY
Administrative Offices: 100 Summer Street, Boston, Massachusetts 02110-2103
(hereinafter called the Company)

Excess Errors and Omissions Liability Policy Declarations

THIS IS A CLAIMS MADE POLICY, PLEASE READ THIS POLICY CAREFULLY.

Policy No.: 6502000

Renewal of: 6501757

Named Insured: CAIRNCROSS & HEMPELMANN, P. S.

Address: 524 SECOND AVENUE, SUITE 500
SEATTLE, WA 98104

"This contract is registered and delivered as a surplus line coverage under the insurance code of the State of Washington, enacted in 1947. It is not issued by a company regulated by the Washington State Insurance Commissioner and is not protected by any Washington State Guaranty Fund Law."

SWETT & CRAMFORD MH

SECTION I - EXCESS ERRORS AND OMISSIONS LIABILITY INSURANCE

A. Policy Period:
From 06/15/2007 To 06/15/2008
at 12:01 A.M. standard time at the address of the insured stated above.

Service Fee \$2,500.00
State Tax \$1,852.84
Stamping Fee \$231.61

B. Coverage: EXCESS ERRORS & OMISSIONS - CM

C. Limits of Liability: \$5,000,000 Each Claim
\$5,000,000 Annual Aggregate Where Applicable

D. Premium Computation:

Estimated Exposure	Rating Base	Rate	Audit Period
39	LAWYERS	2311.33	Not Subject to Audit
Advance Premium	Annual Minimum Premium	Minimum Earned Premium At Inception	
\$90,142	\$90,142	\$22,536	

E. Retroactive Date:

F. Extended Reporting Period: 12 months at 100 % of the total annual premium.

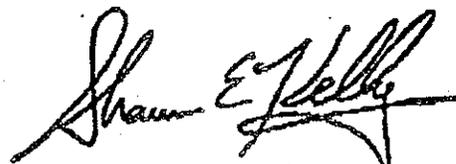
G. Self Insured Retention: \$100,000

SECTION II - UNDERLYING INSURANCE

A. Primary Underlying Company: AXIS REINSURANCE COMPANY
Policy Number: RGN727215
Policy Coverage: LAWYERS PROFESSIONAL LIABILITY
Eff. Date: 06/15/07 Exp. Date: 06/15/08
Limits of Liability: \$5,000,000
Type of Insurance: LAWYERS PROFESSIONAL LIAB E&O

B. Total Limits of all Underlying Insurance including the Primary Underlying Policy in excess of which this policy applies: \$5,000,000 EACH CLAIM; \$5,000,000 POLICY AGGREGATE

Endorsements Attached: See attached Forms Schedule.



Authorized Representative OR
Countersignature (In states where applicable)

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