

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Ratification of Southwoods Purchase Agreement Between the City of Shoreline and Shoreline Water District
DEPARTMENT: City Manager's Office
PRESENTED BY: Robert L. Olander, City Manager

PROBLEM/ISSUE STATEMENT:

Last spring the voters of Shoreline approved a bond issue to acquire park property and improve parks throughout the community. One element of that bond was to acquire the "Southwoods" properties owned by the Shoreline Water District and the Shoreline School District. Prior to the bond election the City purchased three acres from the School District at the discounted value of \$240,000 an acre from general capital funds. The School District's remaining portion is 4.79 acres, while the portion owned by the Water District is 7.794 acres. The City Council authorized the City Manager to negotiate purchase agreements with both entities. We anticipate that the Water District will accept the City's offer of \$4,160,000 on December 5 and if they do so staff is requesting Council ratification of the purchase.

FINANCIAL IMPACT:

The City's appraisal valued the property at \$130,000 per developable single family lot (32 lots) (Attachment A). The following is a review and estimate of the major property acquisitions in this area:

Expenditures

Water District Purchase Agreement	\$ 4,160,000
School District Purchase Agreement	2,730,000
Seattle Public Utilities Estimate	3,530,000
 TOTAL	 \$10,420,000

Revenues

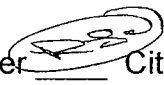
Southwoods Bond	\$ 6,000,000
Hamlin/Seattle Public Utilities Bond	3,300,000
Conservation Futures/Hamlin-Seattle Public Utilities Grant	650,000
Conservation Futures/Southwoods Grant	387,612
TOTAL	\$10,337,612

Additional Required \$82,388

As part of the bond sale process UBS (low bidder) bid with a “premium” of \$123,000. Most jurisdictions apply any bid premium to the bond projects which is what we recommend. This premium will cover the additional \$82,388 required for these land purchases.

RECOMMENDATION

It is recommended that the City Council ratify the attached agreement authorizing the purchase of Southwoods Lots 3 and 4 from the Shoreline School District.

Approved By: City Manager  City Attorney ____

Attachment A – Appraisal Report and Purchase Agreement
Attachment B – Bond Project List

SHORELINE
CITY COUNCILRobert L. Ransom
MayorMaggie Fimia
Deputy Mayor

Rich Gustafson

Ron Hansen

Keith McGlashan

Cindy Ryu

Janet Way

October 23, 2006

Stuart Turner, District Manager
Shoreline Water District
1519 NE 177th Street
Shoreline, WA 98155

RE: Sale of South Woods Property

Dear Mr. ^{STU}Turner:

I am pleased to forward a purchase agreement for the South Woods property for consideration by the Shoreline Water District. The offer is \$4,160,000 or \$533,744 per acre. I have also enclosed a copy of our appraisal verifying that this is a fair market representation of the property value. As you know, this is higher than the amount we had previously estimated and included in the bond. The City had hoped that the District would take into consideration the value to the community and District of leaving this property as open space for environmental and water quality purposes and be able to sell it at the \$500,000 per acre amount. However, since the District is unable to accept this approach, we are providing a full and fair market offer for the property. The accompanying MAI appraisal is well documented and should provide a sufficient foundation upon which the District can make a timely decision. On behalf of the City of Shoreline I respectfully request that the District accept this offer as presented. This will allow us to move forward expeditiously in implementing a crucial component of the voter approved bond issue.

Sincerely,

Robert L. Olander
City ManagerCc: Mayor and Council
Ian Sievers, City Attorney
Debbie Tarry, Finance Director
City of Shoreline Leadership Team

Attachment

• COUNCILMEMBER	_____
•	_____
•	_____
• FULL COUNCIL	_____
• CITY MANAGER	_____
•	_____
•	_____
•	_____
•	_____

Sent to Water District
2 copies of ~~the~~ purchase
agreement

PURCHASE AGREEMENT
SOUTH WOODS LOTS 3 AND 4
SHORELINE, WASHINGTON

THIS PURCHASE AGREEMENT ("AGREEMENT") IS MADE AND ENTERED INTO BETWEEN THE CITY OF SHORELINE ("BUYER") AND SHORELINE WATER DISTRICT ("SELLER").

In consideration of the mutual covenants and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer agree as follows.

ARTICLE I. PROPERTY

Subject to the terms and conditions set forth herein, Seller agrees to sell and Buyer agrees to purchase Lots 3 and 4 of Shoreline short Plat No. SHSP 2006-03, located in the City of Shoreline, King County, Washington, consisting of approximately 7.794 acres in size.

ARTICLE II. PURCHASE PRICE

2.1 Purchase Price. The purchase price for the Property (the "Purchase Price") shall be Four Million One Hundred Sixty Thousand Dollars (\$4,160,000), subject to adjustments, if any, as provided for under this Agreement. The Purchase Price shall be paid by Buyer in immediately available funds on the Closing Date (as defined below).

2.2 Escrow Holder. Fidelity National Title Insurance Company, ("Escrow Holder" in its capacity as escrow holder and "Title Company" in its capacity as title insurer) has been designated as Escrow Holder hereunder by mutual agreement of Seller and Buyer. Upon execution of this Agreement by the last of Seller and Buyer (such date herein referred to as the "Date of this Agreement"), Escrow Holder shall open a closing escrow for the benefit of Buyer and Seller in accordance with the terms of this Agreement.

2.3 Earnest Money. Not later than two (2) days following the Date of this Agreement, Buyer shall deposit with Escrow Holder the sum of Twenty Thousand Dollars (\$20,000) in the form of a promissory note payable upon the satisfaction of Buyer's due diligence contingency under Article IV. Such amount, together with interest earned thereon, is referred to herein collectively, as the "Earnest Money". Upon closing of this transaction, the Earnest Money shall be credited against the Purchase Price. In the event this transaction fails to close as a result of Seller's default, the failure of any condition precedent to Buyer's obligations set forth in Article V, the Earnest Money shall be returned to Buyer. In the event this transaction fails to close as a result of Buyer's default or any reason other than the failure of any of Seller's contingencies under Article V, or the failure of any condition precedent to Buyer's obligations set forth in Article VI, Escrow Holder shall deliver the Earnest Money to Seller and retention of the Earnest Money by Seller shall be Seller's sole and exclusive remedy. Escrow Holder shall deposit the Earnest Money in an interest bearing account at a financial institution approved by Buyer and Seller.

ARTICLE III. TITLE

3.1 Review of Title. Within five (5) days after the Date of this Agreement, Seller shall provide Buyer with a preliminary commitment for title insurance for the Property issued by the Title Company, together with complete and legible copies of all exceptions and encumbrances noted thereon (the "Preliminary Commitment"). Buyer shall have fifteen (15) days after the Date of this Agreement to advise Seller in writing of any encumbrances, restrictions, easements or other matters in the Preliminary Commitment (collectively "Exceptions") to which Buyer objects. All Exceptions to which Buyer does not object in writing within the 15-day period shall be deemed accepted by Buyer.

If Buyer objects to any Exceptions within the 15-day period, Seller shall advise Buyer in writing within ten (10) days after receipt of Buyer's written objections: (a) which Exceptions Seller will remove at Closing, (b) which Exceptions the Title Company has agreed to insure over in the title policy to be issued at Closing (together with the proposed form of endorsement), and (c) which Exceptions will not be removed or insured over by Seller. If Seller does not respond to Buyer's objections within such ten (10) day period, Seller shall be deemed to have responded that it will not remove or insure over any Exceptions objected to by Buyer.

Within five (5) days after receipt of Seller's response to Buyer's written objections, or if Seller does not respond then within five (5) days after expiration of the time period for Seller's response, if Seller has not agreed to remove or cause Title Company to insure over all Exceptions to which Buyer objects, Buyer shall notify Seller in writing of Buyer's election either to waive its objections to the Exceptions Seller will not remove or insure over, in which event such Exceptions shall be deemed accepted by Buyer, or terminate this Agreement. If Buyer does not notify Seller of its election within such five (5) day period, Buyer shall be deemed to have waived its objections.

The term "Permitted Exceptions" as used hereafter means: (a) the Exceptions accepted or deemed accepted by Buyer as provided above; and (b) local, state and federal laws, ordinances and governmental regulations.

3.2 Title Insurance. Subject to Buyer fulfilling its obligations hereunder, and if requested by Buyer in writing, Seller shall cause Title Company to make available to Buyer at Closing a Standard Coverage Owner's Policy of title insurance or, if Buyer so requests in writing, an Extended Coverage Owner's Policy of title insurance, issued by Title Company in the amount of the Purchase Price, dated the date of Closing, insuring Buyer's title to the Property subject to no exceptions other than the standard printed exceptions and the Permitted Exceptions (the "Title Policy"). The Title Policy may contain such endorsements as Buyer may specify and which Title Company is willing to issue. Buyer shall pay all costs associated with the Title Policy and the cost of any survey required for extended coverage.

3.3 Conveyance of Property. At Closing Seller shall convey to Buyer fee simple title to the Property by execution and delivery of a statutory warranty deed (the "Deed").

ARTICLE IV. INSPECTION OF DOCUMENTS AND EVALUATION OF THE PROPERTY

4.1 Buyer's Due Diligence. Buyer shall have 60 days following receipt of the title report ("Due Diligence Expiration Date") to inspect the Property and obtain any necessary

authorization to complete its purchase of the Property (the period of time expiring on the Due Diligence Expiration Date, the "Due Diligence Period"). During the Due Diligence Period, Buyer at its sole expense may inspect the physical condition of the Property and conduct any environmental or other inspections as it deems appropriate; provided, however, Buyer shall have the right to enter upon and inspect the Property only in accordance with the following terms and conditions:

(a) This Agreement has not been terminated;

(b) Any entry upon the Property shall be only for the purpose of inspections, studies and surveys upon prior written notice to Seller.

(c) No invasive drilling or testing shall be conducted without Seller's prior written and specific approval; and

(d) Buyer shall indemnify, defend and hold Seller harmless from any and all damages, claims, liens, causes of action, or obligations by persons or entities which arise out of or are in any way related to Buyer's activities on the Property prior to Closing, including without limitation Seller's costs, expenses and attorney's fees. Notwithstanding anything to the contrary contained in this Agreement, this indemnity shall survive the termination, expiration and consummation of this Agreement.

If Buyer is dissatisfied in its sole discretion with the results of its inspection of the Property, Buyer may terminate this Agreement by delivering written notice of such termination to Seller at any time prior to the Due Diligence Expiration Date. Upon such termination, any materials provided to Buyer by Seller relating to the Property shall be promptly returned to Seller without retention of any copies or abstracts thereof, the Earnest Money shall be immediately returned to Buyer, the parties shall have no further obligations hereunder other than those obligations which expressly survive by their terms, and Buyer shall deliver to Seller a copy of all reports and studies prepared by third parties in connection with its due diligence activities. If Buyer fails to timely deliver notice of termination, Buyer shall be deemed to be satisfied with the results of its inspection of the Property.

4.2 If Buyer is satisfied in its sole discretion with the results of its inspection of the Property, Buyer shall deliver to Seller at any time prior to the Due Diligence Expiration Date notice of its approval of the Property, together with payment of the Earnest Money Promissory Note.

ARTICLE V. CONDITIONS PRECEDENT TO CLOSING

Buyer's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

5.1 Removal of Contingencies. The satisfaction or waiver of all express contingencies set forth in this Agreement to Buyer's obligation to purchase the Property, including ratification of this Agreement by the Shoreline City Council.

5.2 Performance by Seller. Seller shall have performed all material obligations required by this Agreement to be performed by it.

5.3 Title Policy. Title Company shall be ready, willing and able to issue the Title Policy provided Buyer has fulfilled its obligations with respect thereto.

The conditions set forth in Sections 5.1 through 5.3 above are intended solely for the benefit of Buyer. If any of the foregoing conditions are not satisfied as of the Closing Date, Buyer shall have the right at its sole election either to waive the condition in question and proceed with the purchase of the Property or, in the alternative, to terminate this Agreement, whereupon the Earnest Money and Option Premium shall be returned to Buyer and the parties shall have no further obligations hereunder other than those obligations which survive the termination of this Agreement by their express terms.

ARTICLE VI. PENDING CLOSING

At all times prior to Closing or the sooner termination of this Agreement, Seller agrees not to enter into any contracts or agreements to sell or otherwise transfer the Property except for backup offers which are subordinate to this Agreement so long as it remains in effect.

ARTICLE VII. CLOSING AND ESCROW

7.1 Closing. The Closing hereunder (the "Closing" or the "Closing Date") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of the Escrow Holder on or before the date that is thirty (30) days after Buyer's delivery of notice that its contingencies are satisfied pursuant to Article IV above.

7.2 Delivery by Seller. On or prior to the Closing Date, Seller shall deposit with Escrow Holder, the following:

(a) The duly executed and acknowledged Deed ready for recordation on the Closing Date together with a duly executed real estate excise tax affidavit; and

(b) A duly executed counterpart of the real estate excise tax affidavit.

7.3 Delivery by Buyer. On or prior to the Closing Date Buyer shall deposit with Escrow Holder the following:

(a) The Purchase Price less deposited Earnest Money and other adjustments;

(b) A duly executed counterpart of the real estate excise tax affidavit.

7.4 Title Policy; Other Instruments. Title Company shall issue the Title Policy if requested by Buyer at Closing or as soon thereafter as practicable. Seller and Buyer shall each deposit such other instruments as are reasonably required by Escrow Holder, Title Company or otherwise required to close the escrow and consummate the purchase and sale of the Property in accordance with the terms hereof.

7.5 Prorations. All revenues and all expenses of the Property shall be prorated as of 12:01 a.m. on the Closing Date.

7.6 Closing Costs and Expenses. Buyer and Seller shall each pay their own attorneys fees and expenses to perform their obligations hereunder in addition to the following:

(a) Seller shall pay:

- i) All real estate excise taxes, and other transfer taxes applicable to the transfer of the Property, if any;
- ii) One-half (1/2) of the fees for the Escrow Holder; and
- iii) One-half (1/2) of the recording costs for the Deed and Covenant.

(b) Buyer shall pay:

- i) All costs and expenses of Buyer's consultants and investigations during the Due Diligence Period;
- ii) All costs in connection with the Title Policy;
- iii) One-half (1/2) of the fees for the Escrow Holder; and
- iv) One-half (1/2) of the recording costs for the Deed and Covenant.

7.7 Closing Statements. The prorations shall be made on the basis of a written closing statement submitted by Escrow Holder to Buyer and Seller prior to the Closing Date and approved by Buyer and Seller, which approval shall not unreasonably be withheld, conditioned or delayed. In the event any prorations or apportionments made hereunder shall prove to be incorrect for any reason, then either party shall be entitled to an adjustment to correct the same. Any item which cannot be prorated because of the unavailability of information shall be tentatively prorated on the basis of the best data then available and re-prorated between Buyer and Seller when the information is available. Notwithstanding the foregoing, any adjustments or re-prorations shall be made, if at all, within ninety (90) days after the Closing Date.

ARTICLE VIII. LOSS BY FIRE OR OTHER CASUALTY: CONDEMNATION

In the event that all or any material portion of the Property is damaged or destroyed by any casualty or is the subject of a taking or condemnation under the provisions of eminent domain law after the Date of this Agreement but prior to the Closing Date, Buyer may terminate this Agreement and the Earnest Money shall be returned to Buyer. If Buyer does not elect to terminate this Agreement, then Seller shall have no obligation to repair or replace any damage or destruction caused by the foregoing nor shall the Purchase Price be reduced, but the following shall apply at the Closing: (a) in the event of a casualty, Buyer shall receive an assignment of the proceeds of any casualty insurance otherwise payable to Seller; and (b) in the event of a taking,

Seller shall assign to Buyer its rights to any condemnation proceeds resulting from such taking and shall not make any settlements without Buyer's prior written approval.

ARTICLE IX. POSSESSION

Possession of the Property shall be delivered to Buyer on the Closing Date.

ARTICLE X. DEFAULT; REMEDIES

10.1 Default by Buyer. If Buyer fails, without legal excuse, to complete the purchase of the Property in accordance with the terms of this Agreement or otherwise defaults hereunder, Seller's sole and exclusive remedy shall be to retain the Earnest Money as liquidated damages. Buyer expressly agrees that the delivery to and the retention of the Earnest Money by Seller represents a reasonable estimation of the damages in the event of Buyer's default, that actual damages may be difficult to ascertain and that this provision does not constitute a penalty. The foregoing limitation on the liability of Buyer shall not be applicable with respect to Buyer's obligations to be performed or enforced after Closing.

10.2 Default by Seller. If Seller fails, without legal excuse, to complete the sale of the Property in accordance with the terms of this Agreement or otherwise defaults hereunder, Buyer may elect to pursue any one or more of the following remedies: (a) terminate this Agreement and receive a refund of the Earnest Money (b) sue for specific performance, but in no event shall Buyer be entitled to recovery of any consequential or punitive damages.

10.3 Attorneys' Fees. In the event either party brings an action or any other proceeding against the other party to enforce or interpret any of the terms, covenants or conditions hereof, the party substantially prevailing in any such action or proceeding shall be paid all costs and reasonable attorneys' fees by the other party in such amounts as shall be set by the court, at trial and on appeal.

ARTICLE XI. MISCELLANEOUS

11.1 Brokers and Finders. Each party represents and warrants to the other that no broker or finder has been involved in this transaction. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection with this Agreement, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify Seller against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim. Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify Buyer against any and all damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) which Buyer may sustain or incur by reason of such claim. Notwithstanding anything to the contrary herein, the provisions of this Section 15.1 shall survive the termination of this Agreement or the Closing.

11.2 Notices. All notices, demands, requests, consents and approvals which may, or are required to, be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered personally, (ii) sent by a nationally recognized overnight delivery service, (iii) electronically transmitted with confirmation sent by another

method specified in this Section 15.2 or (iv) mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

Buyer at: City of Shoreline
17544 Midvale Avenue N.
Shoreline, WA 98155
Attn: Ian R. Sievers, City Attorney
Telephone No. (206) 546-5945
Fax No. (206) 546-2200

Seller at: Shoreline Water District
1519 N.E. 177th St.
Shoreline, WA 98155
Attn: Stuart Turner, District Manager

With a copy to:

or to such other addresses as either party hereto may from time to time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery.

11.2 Amendment, Waiver. No modification, termination or amendment of this Agreement may be made except by written agreement. No failure by Seller or Buyer to insist upon the strict performance of any covenant, agreement, or condition of this Agreement or to exercise any right or remedy shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. No waiver shall affect or alter this Agreement, and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. All the terms, provisions, and conditions of this Agreement shall inure to the benefit of and be enforceable by Seller's or Buyer's permitted successors and assigns.

11.4 Survival. All provisions of this Agreement which involve obligations, duties or rights to be performed after the Closing Date or the recording of the Deed shall survive the Closing Date and/or the recording of the Deed only to the extent expressly provided herein.

11.5 Captions. The captions of this Agreement are for convenience and reference only and in no way define, limit or describe the scope or intent of this Agreement.

11.6 Merger of Prior Agreements; No Reliance. This Agreement and the exhibits hereto constitute the final and complete agreement between the parties with respect to the purchase and sale of the Property and supersede all prior and contemporaneous agreements, letters of intent and understandings between the parties hereto relating to the subject matter of this Agreement. There are no oral or other agreements, including but not limited to any representations or warranties, which modify or affect this Agreement. Seller shall not be bound by, nor liable for, any warranties, representations or statements of fact or opinion made by any other person, partnership, corporation or other entity, including, without limitation, the Title Company, any surveyor and any consultants. Buyer acknowledges to Seller that in entering into this Agreement, Buyer is not relying on any warranties made by Seller.

11.7 No Joint Venture. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Buyer and Seller. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

11.8 Governing Law; Time. This Agreement and the rights of the parties hereto shall be governed by and construed in accordance with the internal laws of the State of Washington. "Day" as used herein means a calendar day and "business day" means any day on which commercial banks are generally open for business. Any period of time which would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Agreement.

11.9 Exhibits. All exhibits attached hereto or referenced herein are incorporated in this Agreement.

11.10. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such provisions had not been contained herein.

11.11 Counterparts. This Agreement and the documents to be delivered hereunder may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

11.12 Assignment. Buyer's rights under this Agreement are not assignable without the prior written consent of Seller. No such assignment to which Seller may consent shall relieve Buyer of any obligation hereunder. Seller's rights under this Agreement are not assignable without the prior written consent of Buyer.

11.13 Time for Acceptance. Buyer's offer is made subject to acceptance of Seller on or before Twelve o'clock midnight thirty (30) days from the date executed by the Buyer.

BUYER:

Dated: 10/24/06 CITY OF SHORELINE

By: Robert Olander
Robert Olander, City Manager

Approved as to form:

Ian R. Sievers
Ian R. Sievers, City Attorney

On this date _____, I/we hereby approve and accept the sale set forth in the above agreement and agree to carry out all the terms thereof on the part of the Seller. I/we further acknowledge receipt of a true copy of this agreement signed by both parties.

SELLER:

SHORELINE WATER DISTRICT

Dated: _____

By _____

Its: _____

**APPRAISAL GROUP
OF THE NORTHWEST LLP**

*Complete Summary Appraisal Report
of
2 Vacant Parcels of 7.794 Acres
located at
15031 25th Ave. NE
Shoreline, WA 98133*

for

**Ian Sievers
City Attorney
City of Shoreline
17544 Midvale Ave. S
Shoreline, WA 98133**

by

**James B. Price, MAI, SR/WA
Glenn L. Price, Appraiser
Appraisal Group of the Northwest LLP
1980 112th Avenue NE, Suite 270
Bellevue, WA 98004**

C-3135



Appraisal Group of the Northwest LLP

Central Park Building
1980 112th Ave. N.E., Suite 270
Bellevue, WA 98004-2940

(425) 453-9292
(800) 453-4408
FAX: (425) 455-9740
AGNW@AppraisalGroupNW.com

June 30, 2006

Ian Sievers
City Attorney
City of Shoreline
17544 Midvale Ave. N
Shoreline, WA 98133

Re: Complete Summary Appraisal Report of Lots 3 & 4, with 7.794 acres at 15031 24th Ave. NE in Shoreline, WA.

Dear Mr. Sievers:

In accordance with your request, we have prepared a complete summary appraisal report of the fee simple interest in the subject property referenced above. The most pertinent data gathered and the techniques of valuation are set forth in this report. This appraisal is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation.

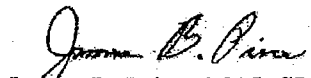
The evidence best supports a just compensation for the fee simple interest for the subject property as of April 27, 2006, of:

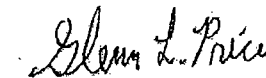
FOUR MILLION ONE HUNDRED SIXTY THOUSAND DOLLARS

\$4,160,000

Thank you for the opportunity to be of service. If you have any questions regarding this appraisal, please feel free to contact us.

Sincerely,

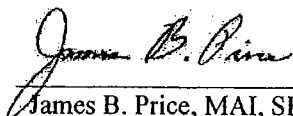

James B. Price, MAI, SR/WA
Certified General Real Estate Appraiser, WA
Certification No. 1100229


Glenn L. Price, Appraiser
Registered Real Estate Appraiser Trainee, WA
Certification No. 1000389

CERTIFICATION

I certify that, to the best of my knowledge and belief:

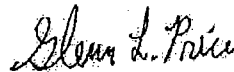
1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics, the Standards of Professional Appraisal Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice.
8. I, James B. Price, MAI, SR/WA, and I, Glenn L. Price, have made a personal inspection of the property that is the subject of this report.
9. No one has provided significant real property appraisal assistance to the persons signing this certification.
10. The use of this report is subject to the requirements of the Appraisal Institute regarding review by its duly authorized representatives.
11. As of the date of this report, James B. Price, MAI, SR/WA, has completed the requirements under the continuing education program of the Appraisal Institute.



James B. Price, MAI, SR/WA

June 30, 2006

Date



Glenn L. Price, Appraiser

June 30, 2006

Date

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PROPERTY IDENTIFICATION - DESCRIPTIVE DATA

1

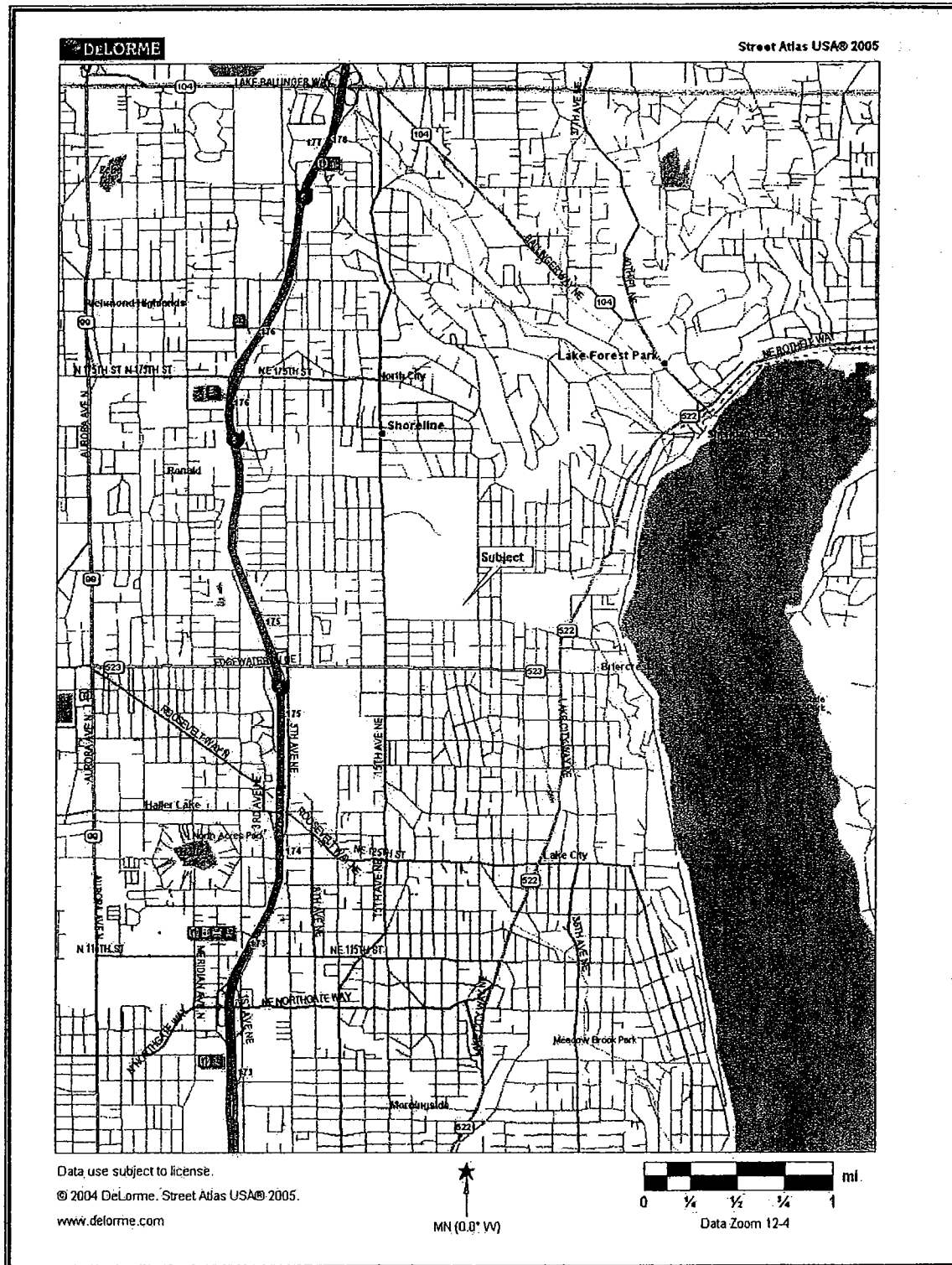
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HIGHEST AND BEST USE ANALYSIS

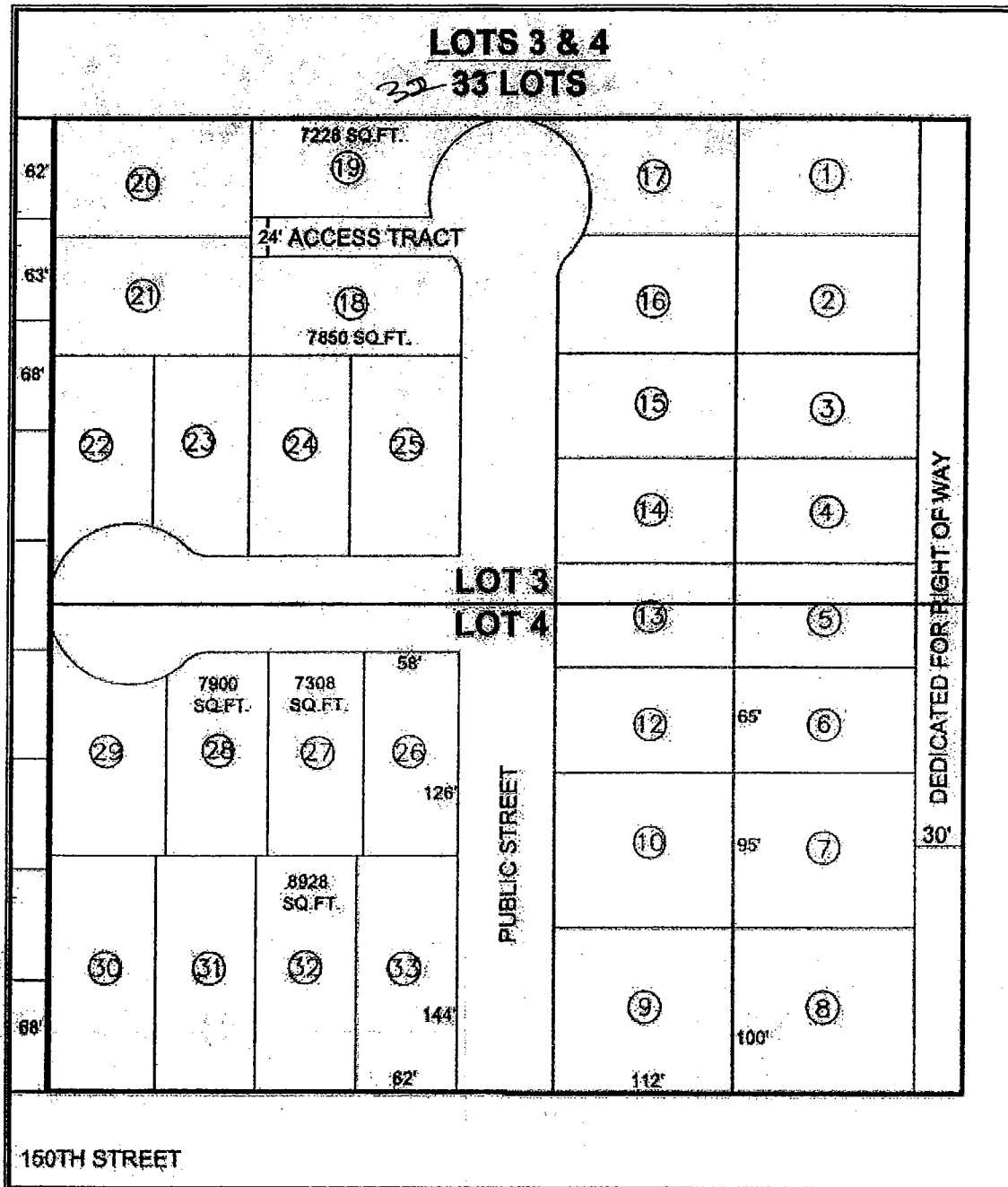
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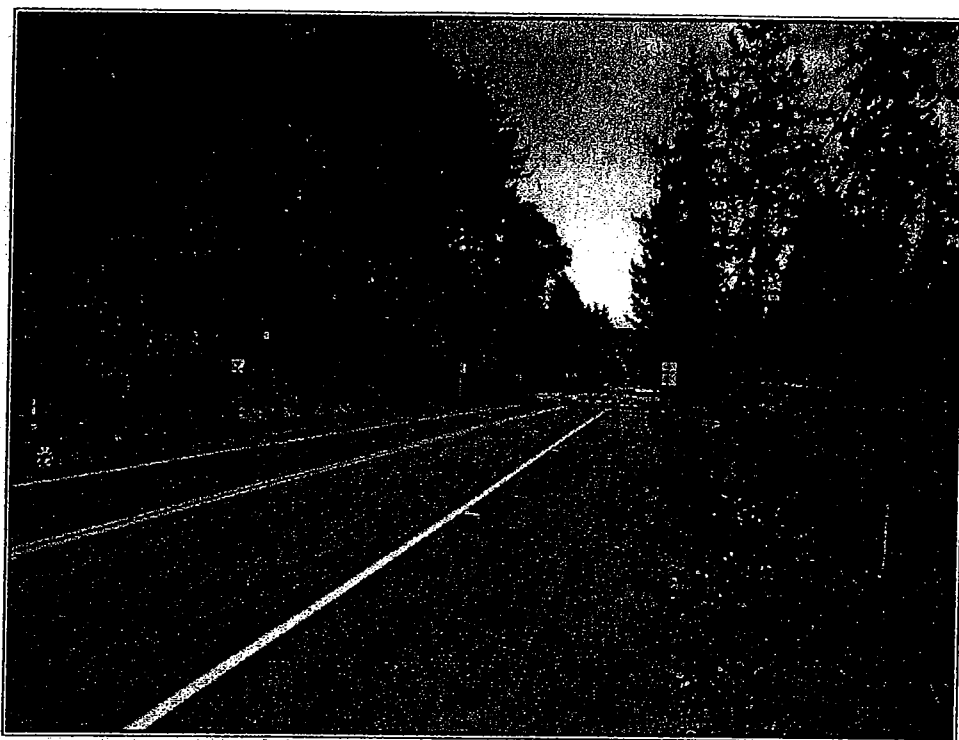


POTENTIAL SUBDIVISION PLAN



Note that there are actually 32 lots since there is no lot 11 present.

SUBJECT PHOTOGRAPHS



Looking East at Southern Edge of Lot 4 across NE 150th St. (Subject to Left)



Looking North at Southeast Corner of Lot 4 along 25 Ave. NE
Lot 3 is in the Distance

SUBJECT PHOTOGRAPHS



Looking East from Middle of Lot 4



Looking East from Middle of Lot 3

PROPERTY IDENTIFICATION - DESCRIPTIVE DATA

This is a complete summary appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of professional Appraisal Practice for a summary appraisal report. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses may be retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and to the intended use stated below. The appraisers are not responsible for unauthorized use of this report.

Property Identification

The subject of this appraisal consists of an acquisition of a parcel of land equaling 7.794 acres.

Ostensible Owner

Shoreline Water District

Legal Description

Lot 3, South Woods Short Plat; a portion of the North ½ of Southwest 1/3 defined as follows – beginning at southeast corner said subdivision thence northerly along east line said subdivision 629.34 feet then north 87-53-29 west 1053.31 feet then south 00-09-30 west 250.26 feet then south 88-03-56 west 192.49 feet then south 00-06-03 west to south line said subdivision then easterly along said line 1240.72 feet to point of beginning – less county road undivided 50% intersecting perpendicular record #20051205001171. Original parcel number prior to short plat was 162604 9098.

Date of Inspection

April 27, 2006

Date of Appraisal

April 27, 2006

Date of Appraisal Report

June 30, 2006

Subject Sales History

According to King County public records, the subject parcel has not been sold in the last 10 years. It has been quit-claimed from the Washington State Department of Natural Resources to the Shoreline Water District on 03/13/2000, and then Lot 2 was transferred to the Shoreline School District 412.

Function of the Appraisal Report

The function of the appraisal is to provide the client with an opinion of market value of fee simple interest in Lots 3 & 4.

Disclosure of Client and Intended User(s)

The term **Client** is defined in the *Uniform Standards of Professional Appraisal Practice*, 2005 edition as:

"The party or parties who engage an appraiser (by employment or contract) in a specific assignment."

The term **Intended User(s)** is defined in *Uniform Standards of Professional Appraisal Practice*, 2005 edition as:

"The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment."

This report is intended for use only by the City of Shoreline. Use of this report by others, without permission by the client, is not intended by the appraisers.

Disclosure of Client's Intended Use

The term **Intended Use** is defined in *Uniform Standards of Professional Appraisal Practice*, 2005 edition as:

"The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraisers based on communication with the client at the time of the assignment."

The intended use of this appraisal is to assist City of Shoreline in establishing the market value of the subject real property.

Contact with Property Owner

Glenn Price spoke with Stuart Turner, a representative from the Shoreline Water District, on May 8, 2006 about the project. He was given information about general property values in the area, and about the history of the subject.

Property Rights Appraised

The subject property is valued on a fee simple interest basis.

Scope of the Appraisal

The scope of the appraisal assignment included the following tasks:

- An inspection of the subject property and comparable sales data considered;
- An analysis of the subject property's physical, locational, and investment characteristics;
- An investigation and evaluation of market characteristics and trends;
- The collection and analysis of pertinent data;
- The development of a conclusion as to the market value of the property through the application of all three approaches to value.

The value conclusions contained in this report are based upon review and analysis of market conditions affecting real property value, with primary consideration of physical and site characteristics influencing the subject property, with emphasis on recent sales and listings of generally similar property type and the attributes of competitive property. This information has been obtained from CoStar Comps, MetroScan, public records, real estate brokers, property managers, buyers and sellers, King County Assessor's records, the Appraisal Group of the Northwest market database, personal inspections, and interviews with various market participants. The subject and comparable property have been inspected and photographed.

This report is intended to comply with appraisal guidelines and reporting requirements set forth under Standard Rule 1 and Standard Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of the subject real property.

Fee Simple Interest

Fee Simple Estate is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.¹

Disclosure of Competency

The appraisers' qualifications in the Addenda provide evidence that they are well-qualified for this assignment. They have completed appraisal assignments that involved valuing properties similar to the subject throughout the State of Washington.

¹ The Appraisal of Real Estate, 12th Ed. (Chicago: Appraisal Institute, 2001), P. 68.

Market Value

According to the Uniform Appraisal Standards for Federal Land Acquisitions, the definition for Market Value is as follows:

“Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.”

ASSUMPTIONS

This appraisal is contingent upon the following assumptions:

1. The legal description is correct, and title to the property is good and marketable.
2. The title to the property is free and clear of liens or encumbrances.
3. The property has responsible owner(s) and competent property manager(s).
4. The information furnished by others is reliable, but no warranty is given for its accuracy.
5. All engineering is correct. (The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.)
6. There are no hidden, unapparent conditions of the property, subsoil, or structures that render it more or less valuable. This includes any toxic waste or asbestos insulation that may be present. We take no responsibility for such conditions or for arranging for engineering studies that may be required to discover them.
7. There is full compliance with all applicable federal, state, and local environmental regulations and laws.
8. The property conforms to all applicable zoning and use regulations and restrictions.
9. All required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value contained in this report is based.
10. The use of the land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass.
11. We did not observe any hazardous materials, which may or may not be present, on the property. We have no knowledge of the existence of such materials on or in the property, but we are not qualified to detect such substances. The presence of such substances as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The opinion of value is formulated under the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them.

LIMITING CONDITIONS

This appraisal report is subject to the following conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless the proration or division of interests has been set forth in the report.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. No appraiser, by reason of this appraisal, is required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless prior arrangements have been made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of any appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. Appraisal Group of the Northwest and its associate appraisers and employees assume liability only to the client and only up to the amount of the fee actually received for this assignment.
6. Appraisal Group of the Northwest and its associate appraisers and employees are not responsible for any costs incurred to discover or correct any deficiency in the property. If a lawsuit is instigated by a lender, partner, part owner in any form of ownership, tenant, or any other party wherein this report is used in evidence; in the disposition of any and all awards, settlements, or cost, regardless of outcome, Appraisal Group of the Northwest and its associate appraisers and employees will be held completely harmless.
7. A survey plot plan was furnished of the area to be acquired, but not of the overall property, so a King County Plat Map was used to ascertain the physical dimensions and area of the property. Should a survey prove this information to be inaccurate, it may be necessary for this appraisal to be adjusted.
8. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply-and-demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

-
9. This is a complete summary appraisal report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and to the intended function stated previously. The appraisers are not responsible for unauthorized use of this report.

SITE DESCRIPTION

Location and Access

Lots 3 and 4 are located at 15031 25th Ave. NE in Shoreline. Access is off 25th Ave. NE and NE 150th Street lighting is present on two-lane NE 150th St. while 24th Ave. NE has two lanes, curbs, gutters, and street lighting. The subject is located in a residential area of predominantly average-quality houses, just south of the Shorecrest High School and east of the Fircrest State Institute. The primary north/south arterial is the I-5 freeway roughly 1 mile to the west that provides access to Seattle to the south and Everett to the north.

Shape and Total Size

Lots 3 & 4 are rectangular and slope gently down to the east. They measure a combined total of 339,490 SF or 7.794 acres. The subject could be developed with 32 lots, according to the South Woods Short Plat Plan, displayed previously, provided by the City of Shoreline and prepared by Triad Associates. Based on this subject plat, the average potential lot size for the lots in the subdivision of Lots 3 and 4 is estimated to be 7,957 SF.

Environmental Concerns

No significant nuisances or hazards were noted at the time of inspection; however, we are not qualified environmental inspectors capable of making any determination of environmental contamination.

As noted in the *Assumptions and Limiting Conditions*, Appraisal Group of the Northwest is not qualified to detect hazardous material or toxic conditions, and this appraisal is based on the assumption that there is no hazardous material or toxic condition present adversely affecting the market value, utility, or marketability of the subject property. It is therefore assumed that the subject is nominally free of toxic materials and is appraised as such.

Identification of Possible Flood Hazard

The corresponding flood map number for the subjects is 53033C0331F on May 16, 1995. The subjects are located in Zone "X." This is an area determined to be outside the 100-year floodplain.

Easements and Restrictions

No title report was previously provided for review. For the purposes of this appraisal, the subject property is assumed to be free from any adverse easements, restrictions, or encroachments.

Topography and Forestation

The subject slopes gently to the east and is at street grade. The site is uncleared, and has a potential for profit by tree harvest. However, since the subject would be most likely utilized as a residential subdivision, many trees would remain, and removing trees would be offset by the extra cost of lot development. Therefore, the trees contribute only aesthetic value to the subject. Dirt paths criss-cross the subject between trees and bushes, and a sizable clearing is in the middle at a crossroads for many of those paths.

Soils and Drainage

From direct observation of the site, the subject parcel appears to be well-drained. No indications of toxic hazards were observed; however, detailed analysis of such potential is beyond the scope of this appraisal. We are assuming, for the purposes of this appraisal, that the subject soil conditions are supportive of the improvements, and that the site is adequately drained, as well as free of toxic materials.

Utilities

The subject property has public water, sewer, electric service and telephone service.

Assessment and Taxes - King County, Washington (Total Parcel)

2006 Assessed Value:				
Parcel Number	Land	Improvements	Total	Taxes (2006)
162604 9098	\$0	\$0	\$0	\$12.94

The new parcel numbers are now 162604 9107 and 162604 9104.

Zoning

The subject property is zoned R6, Residential 6, by the City of Shoreline. This zoning permits 6 lots per acre.

HIGHEST AND BEST USE ANALYSIS

Highest and best use analysis is a method of inquiry in which the appraiser attempts to determine the optimum use of a property in light of market conditions. It is grounded on the assumption that the price a typical purchaser will pay for a property is based on his determination of the most profitable use of the site or improved property. This concept helps an appraiser to determine what improvements should be constructed on a site if it were vacant, and how the present improvements can best be utilized.

The highest and best use of a property is formally defined in The Appraisal of Real Estate (12th Edition; Chicago: Appraisal Institute, 2001; p. 305) as:

"The reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, and financially feasible and that results in the highest value."

Because the price that potential purchasers consider feasible to pay for a property tends to be based on the use they plan for it, the highest and best use of the property is a major factor affecting its market value. This use may be as if the property were vacant or as it is improved. To determine the highest and best use of the property, four significant factors were analyzed. These are the possible uses that are: (1) legally permitted, (2) physically possible, (3) economically feasible, and (4) maximally productive.

1. The subject property is zoned R6, which enables development of 6 lots per acre.
2. Judging by the improvements in area, the soil appears suitable for most types of development. The site is well located, with good access and exposure. Water, electricity, sewer and telephone service are all available to the site.
3. A realistic assessment of market demand for the proposed use of the property is important. For a site to be economically feasible for a given use, the proposed use must be compatible with the surrounding neighborhood and have sufficient demand. The subject property has all the attributes requisite to a residential development.
4. In light of the analysis above, it appears that the most profitable use of the subject sites, as though vacant, would be to develop a residential plat.

APPRAISAL TECHNIQUES

The traditional approaches to estimating the value of real estate are the cost, sales comparison and income approaches.

COST APPROACH

The cost approach is based on the principle that the value of a property is set by the cost of producing a substitute property of equal utility. Value is estimated as the cost of acquiring the vacant land plus the cost of reproducing or replacing the improvements, less accrued depreciation from all causes.

Implementation of the cost approach depends on the availability of: 1) comparable land sales, 2) data that allow accurate estimates of construction and development costs, and 3) data to support a reasonable estimate of accrued depreciation.

The cost approach is especially applicable to new construction where the improvements represent the highest and best use of the land and depreciation is of little consequence, or to special purpose properties and where there are no comparable data from which to develop either the sales comparison approach or the income approach.

SALES COMPARISON APPROACH

The sales comparison approach is based on the principle that the value of a property tends to be set by the price that would have to be paid to acquire an equally desirable substitute property in the open market. The value estimate is based on prices paid for similar properties in arm's-length market transactions over a time period that reasonably reflects market conditions.

Therefore, the validity of the sales comparison approach depends on the existence of recent sales of properties, which are comparable in location, size, date of sale, utilities, topography, zoning, and overall market appeal. This approach is useful for valuing developed general-purpose properties or vacant land.

INCOME APPROACH

The income approach is based on the principle that the value of a property is dependent on the magnitude of the income stream it is expected to produce. The value of a property is estimated by capitalizing or discounting its expected cash flow, employing market derived investment return rates. In addition to return rates, every element of the expected cash flow is market-derived or supported, including rents, expenses, and vacancy rates. Therefore, as with the other approaches to value, the validity of the income approach depends on good market data.

RECONCILIATION

The appraisal process is concluded by a review and re-examination of each of the approaches to value that has been employed. The appraiser considered each approach with respect to its appropriateness, accuracy and the quantity of data available for its implementation. The appraiser also examined the differences in the value indications yielded by the approaches used, and attempted to resolve any inconsistencies. Based on this analysis, and giving the appropriate weight to each approach used, a final value estimate is concluded.

CASH EQUIVALENCY

Standard definitions of market value indicate payment in cash or its equivalent. The equivalent of cash includes financing terms generally available in the market. If below-market financing is involved in a comparable sale, the sales price must be adjusted to a cash equivalent price. In this report, vacant land sales and improved sales were for cash or the sales prices were adjusted to cash equivalency if sufficient data were available.

SUMMARY

In this appraisal, only the sales comparison approach is applicable since no improvements are being evaluated, and the subject does not produce income.

SALES COMPARISON APPROACH

In the sales comparison approach, the value of a property is estimated by comparing it with similar properties in its market area. This approach is based on the premise that the value of a property is set by the prices of equally desirable substitute properties in the same area.

PROCEDURE

Recent sales of similar and competing properties are selected for comparison with the subject property. An appropriate unit of comparison is determined (e.g., entire property, price per square foot, price per room, etc.), and adjustments are made to each comparable sale in order to account for value differences between these properties and the subject. The adjustments are made for such property and transaction characteristics as financing terms, conditions of sale, date of sale, location, and physical attributes. The result of appropriate adjustments applied to sales of comparable properties should be a relatively narrow indicated value range. From within this range, a specific estimate of the subject property's value is often selected.

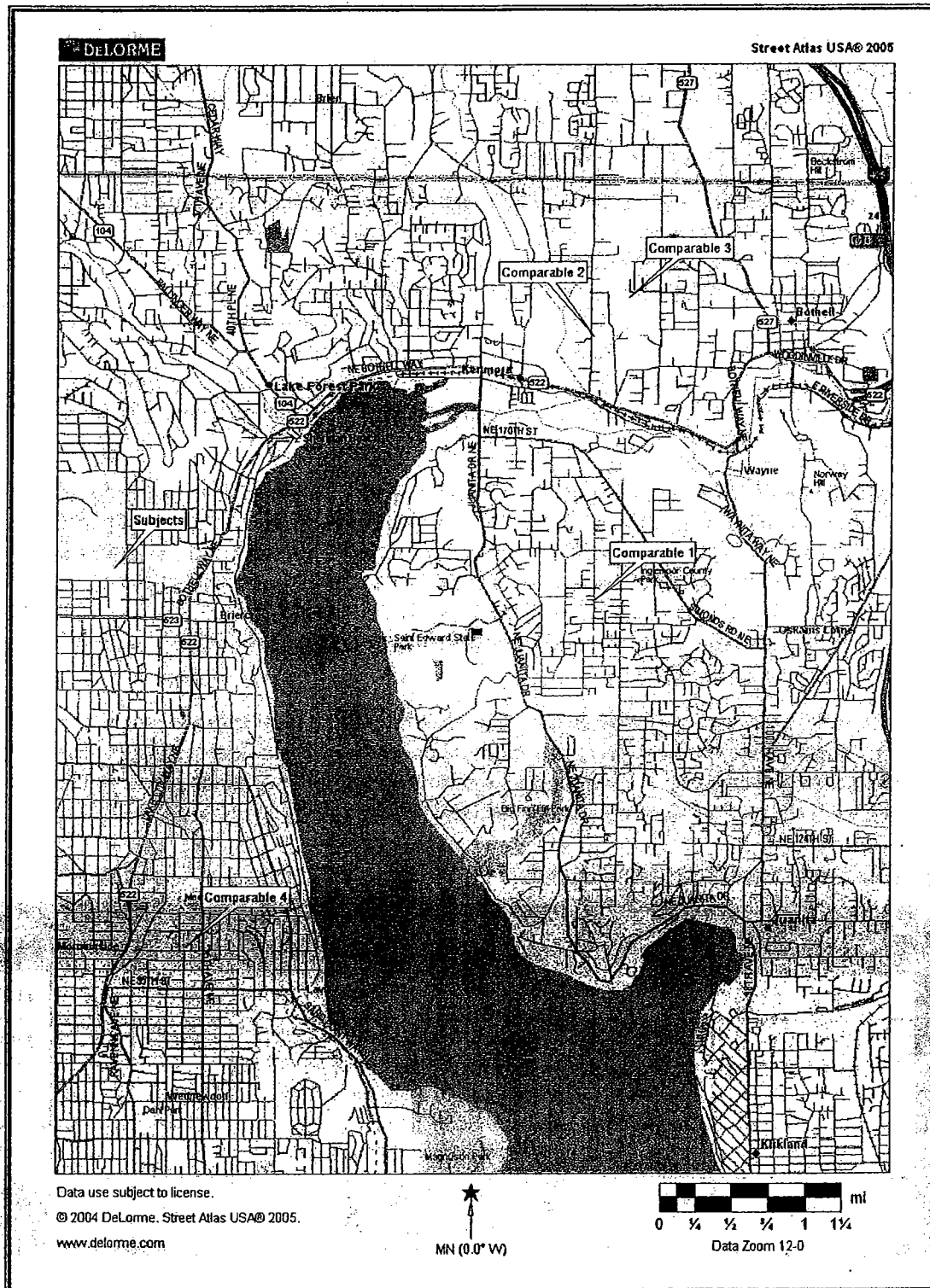
The most widely recognized and market-oriented unit of comparison is the price per lot. The market search for comparable sales was undertaken in the local subject area that resulted in closed sales, proximate in time to the date of appraisal, of comparable land parcels in the subject neighborhood. After being inspected, confirmed, and analyzed for their applicability and comparability with the subject, the sales summarized on the following pages were considered to be the best indicators of fee simple market value for the subject by the sales comparison approach.

The following elements of comparison were considered and adjusted, as appropriate, to the subject: property rights conveyed, financing, condition of sale, market conditions, location, and physical characteristics. Maps and a summary table of the sales are presented on the following pages. Photographs are also enclosed with a summary of the sales.

SUMMARY OF COMPARABLE SALES

Sale No.	Location	Sale Date	Adjusted Land Price	Zoning	Area (Acres)	Lots	\$/Lot
1	14723 81st Ave. NE, Kenmore	9/15/2005	\$1,170,000	R6	2.000	9	\$130,000
2	18224 80th Ave. NE, Kenmore	1/17/2006	\$1,970,000	R6	2.400	13	\$151,538
3	84th Ave NE and NE 190th St, Bothell	5/9/2005	\$3,100,000	R4PSO	4.900	20	\$155,000
4	3212 NE 100th St., Seattle	4/16/2004	\$1,812,000	SF 7200	2.945	12	\$151,000
Subject Lots	15031 25th Ave. NE, Shoreline			R6	7.794	32	

COMPARABLE LAND SALE LOCATION MAP



COMPARABLE SALE GRID

	Subject	Comparable Sale 1	Adj.	Comparable Sale 2	Adj.	Comparable Sale 3	Adj.	Comparable Sale 4	Adj.
Amount of Sale		\$1,170,000		\$1,970,000		\$3,100,000		\$1,612,000	
Date of Sale		9/15/2005	7.1%	1/17/2006	2.6%	5/9/2005	11.6%	4/16/2004	25.5%
Adjusted Price		\$1,253,070		\$2,021,220		\$3,459,600		\$2,274,060	
Subject Acreage		139,230		155,478		172,980		189,505	
Location	Corner of NE 150th St. and 25th Ave. NE	14723 81st Ave. NE, Kenmore		18224 80th Ave. NE, Kenmore		84th Ave NE and NE 190th St.		3212 NE 100th St, Seattle	-15%
Zoning	R6	R6		R6		R4SO		SF 7200	
Lot Size	32	9		13		20		12	
Street Frontage	7.794	2.00	-13%	2.40	-13%	4.90	-6%	2.945	-11%
Shape	Rectangular	Rectangular		Rectangular		Rectangular		Rectangular	
Topography	Mild Slope	Mostly Level		Level	-5%	Level	-5%	Level	-5%
Utilities	All Available	Same		Same		Same		Same	
Avg. Lot Size	7,957	7,260	6%	6,031	16%	8,004	0%	8,018	
Other				Prelim. Plat Approval	-15%	Views	-10%		
Adjusted Offer Adjustment		129,789	-7%	129,252	-17%	135,444	-22%	131,592	-31%

Discussion of Comparable Sales

The preceding chart presents the comparable sales indicating sale price per lot. This range of value is after adjustments for factors such as location, size, slope and other characteristics.

Property Rights

The property rights conveyed for all of the comparable sales is the fee simple estate, the same rights being appraised for the subject. Therefore, no adjustments for property rights conveyed are necessary.

Financing

All of the sales involved are based on all-cash equivalent sales terms. Based on the market evidence and market standards, no adjustment for financing is applied to any of the transactions.

Conditions of Sale

All of the transactions appear to represent arm's-length transactions and are free from any non-market influences. Therefore, no adjustment for conditions of sale is warranted.

Market Conditions

All of the sales closed between April 2004 and January 2006, and are considered to be the most current sales recorded of comparable properties in the subject's market area. From conversations with realtors and brokers of residential acreage properties and analysis of other properties in the subject's market area, including

properties contained in our database, these sales were considered most similar to the subject.

Discussion of Comparable Sales

All of the comparables required adjustment when comparing them to Lots 3 and 4.

Comparable 1 requires downward adjustment due to its smaller site area. It is adjusted upward for market time and smaller average lot size. It is considered similar in terms of zoning, shape, topography, and utilities.

Comparable 2 requires downward adjustment for its smaller size, level topography and preliminary plat approval at sale. It requires upward adjustment for market time and a smaller average lot size. It is considered similar to the subject in terms of zoning, shape and available utilities.

Comparable 3 requires downward adjustment for its smaller site size, level topography, and views. It requires upward adjustment for market time. It is considered similar in terms of zoning, shape, average lot size, and utilities.

Comparable 4 requires downward adjustment for location, smaller size, and topography. It requires upward adjustment for market time. It is considered similar in terms of zoning, shape, average lot size, and utilities.

SALES COMPARISON CONCLUSION FOR LOTS 3 & 4

In conclusion, all sales have been considered, each with their similar characteristics. A reasonable market value for the subject is estimated at \$130,000/lot.

\$130,000 x 32 lots =

\$4,160,000

ADDENDA

Market Data

COMPARABLE SALE NO. 1

(1) ADDRESS or LOCATION:

14715-14723 81st Ave. NE, Kenmore, WA 98028

(2) SALE SKETCH and PHOTO are on following page;

- a. Access: 81st Ave. NE
- b. Use at Sale: 1 old home and 1 newer one with excess land.
- c. H & B Use: Residential
- d. Zoning: R6 (6 lots per acre)
- e. Area: 2 Acres
- f. Sale Date: 09/15/2005
- g. Sale Price: **\$1,460,000 + \$10,000 for Demolition = \$1,470,000**
- h. Instrument Type: Warranty Deeds
- i. Terms: Cash
- j. Ex. Tax # or AF #: E2155049 & E2155041
- k. Seller: Cheryle R. and Paul Davies, and another from Kelly S. and Paul R. Conley.
- l. Buyer: Parkmont Property LLC
- m. Confirmed with: Danelle at Heiser Construction, Parkmont's parent company.
 Phone #: (425) 462-5770
 Date: May 2, 2006
 Confirmed by: Glenn L. Price
- n. Date Inspected: April 27, 2006

(4) LEGAL DESCRIPTION:

Block C, Lot 5, Moorland Heights Unrec.

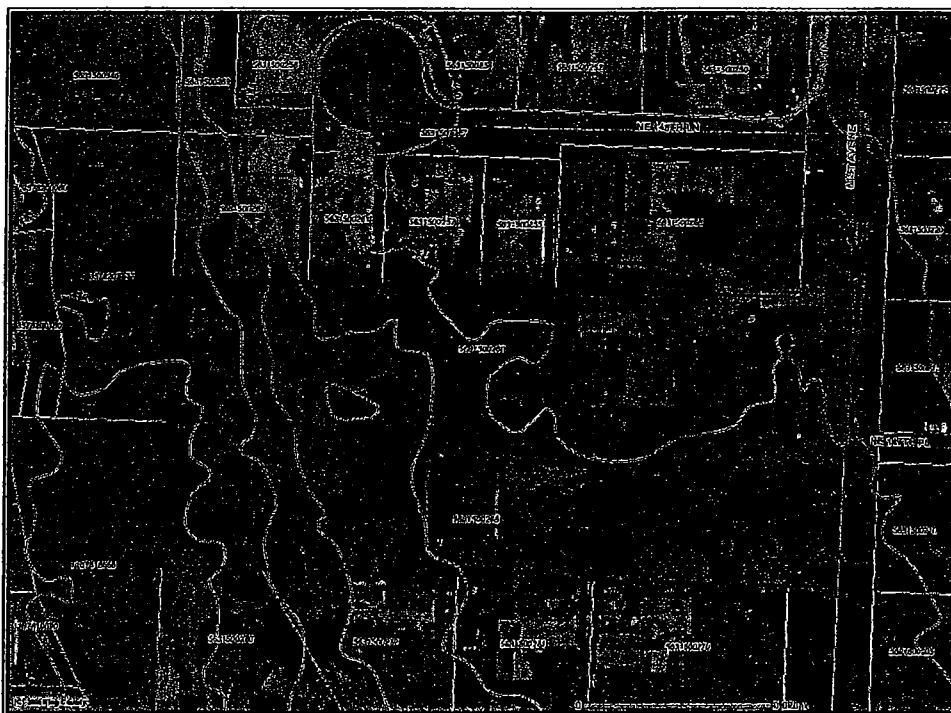
(5) DESCRIPTION:

Topography: Mostly Level
 View: None
 Utilities: All available
 Improvements: 1 usable home, 1 demolished home..
 Comments: These sales were improved with two structures; one from 1936 (demolished) and another built in 1994 which is being retained on one of the 9 available lots. New homes are currently under construction, and other than the 2 homes previously on-site, the building sites were bought with no platting process begun. The lot is mostly cleared and in close proximity to amenities. The area has been rapidly increasing in property values due to its central position between Seattle, Redmond, and Bellevue.

(6) ANALYSIS:

Item	Size or Number	Units	Contributory Value	Potential Lot Price
Land	9	Lots	\$ 1,460,000	
Buildings	1	Home	\$ 300,000	
and Demolition	1	Home	\$ 10,000	
Total Land Price			\$ 1,470,000	\$130,000

Sketch and Photographs of Comparable Land Sale No. 1



Date Taken: April 27, 2006

Taken By: GLP

Market Data

COMPARABLE SALE NO. 2

(1) ADDRESS or LOCATION:

18224-18308 80th Ave. NE, Kenmore, WA 98028

(2) SALE SKETCH and PHOTO are on following page;

- a. Access: 80th Ave. NE
- b. Use at Sale: 2 Homes
- c. H & B Use: Residential
- d. Zoning: R6 (Six lots per acre)
- e. Area: 2.4 Acres
- f. Sale Date: 01/17/2006
- g. Sale Price: **\$1,950,000 + \$20,000 for demolition = \$1,970,000**
- h. Instrument Type: Special Warranty
- i. Terms: Cash
- j. Ex. Tax # or AF #: E2181825
- k. Seller: Alice and John L. Osgood
- l. Buyer: Chateau Construction/Development LLC
- m. Confirmed with: E-Tax records
 - Phone #:
 - Date: 05/02/2006
 - Confirmed by: Glenn L. Price
- n. Date Inspected: April 27, 2006

(4) LEGAL DESCRIPTION:

Block 15, Lot 38 & 39, Lot 40 Alderwood Manor #14. 38 L&SS south 112 feet & all 39

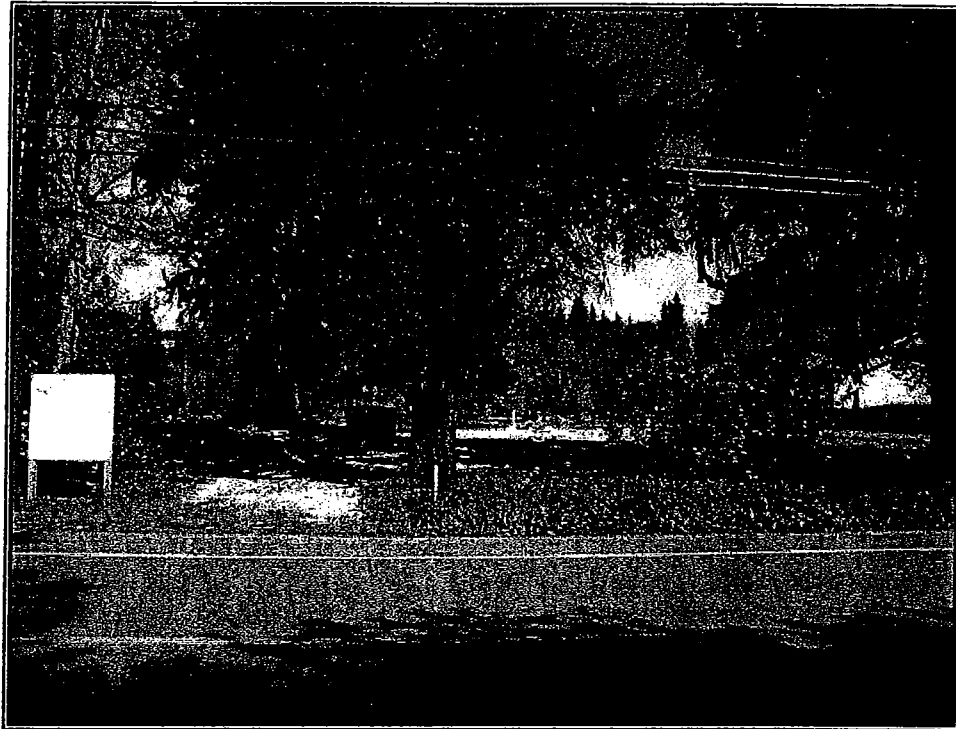
(5) DESCRIPTION:

Topography: Level
 View: None
 Utilities: All available
 Improvements: 2 buildings which have been subsequently demolished.
 Comments: The site had preliminary plat approval at the time of sale. The site will be developed with 13 lots. Construction of new homes on the site was ongoing at the time of the inspection. The lot is mostly cleared and in close proximity to amenities. The area has been rapidly increasing in property values due to its central position between Seattle, Redmond, and Bellevue.

(6) ANALYSIS:

Item	Size or Number	Units	Contributory Value	Potential Lot Price
Land	13	Lots	\$ 1,950,000	
Demolition	2	Homes	\$ 20,000	
Total and Price			\$ 1,970,000	\$151,538

Sketch and Photographs of Comparable Land Sale No. 2



Date Taken: April 27, 2006

Taken By: GLP

COMPARABLE SALE NO. 3

(1) ADDRESS or LOCATION:

Corner of 84 Ave. NE and NE 190th St., Bothell, WA 98011

(2) SALE SKETCH and PHOTO are on following page;

- a. Access: NE 190th St.
- b. Use at Sale: Vacant
- c. H & B Use: Residential
- d. Zoning: R4PSO
- e. Area: 4.9 Acres
- f. Sale Date: 05/09/2005
- g. Sale Price: **\$3,100,000**
- h. Instrument Type: Special Warranty Deed
- i. Terms: Cash
- j. Ex. Tax # or AF #: E2121550
- k. Seller: Farley Enterprises LLC
- l. Buyer: John F. Buchan Construction
- m. Confirmed with: Wendy at John F. Buchan Construction Incorporated
 Phone #: (425) 739-3890
 Date: 05/09/2005
 Confirmed by: Glenn L. Price
- n. Date Inspected: 04/27/2006

(4) LEGAL DESCRIPTION:

Section 6, Township 26, Range 5, Tax Lot 19, west 5 Ac of north 10 Ac of west ½ of GI 7 less county road.

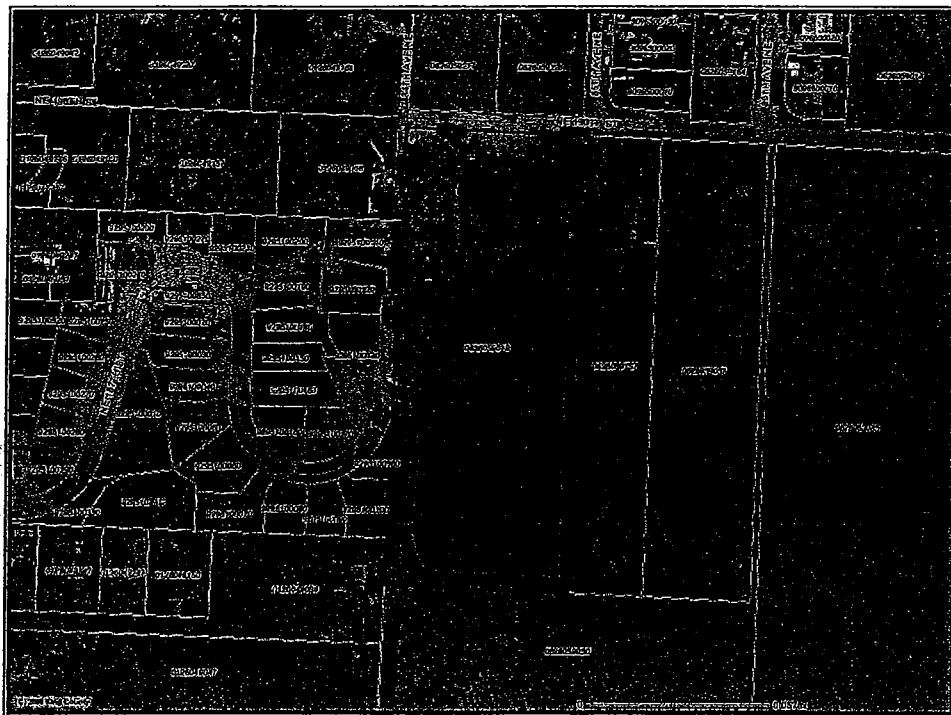
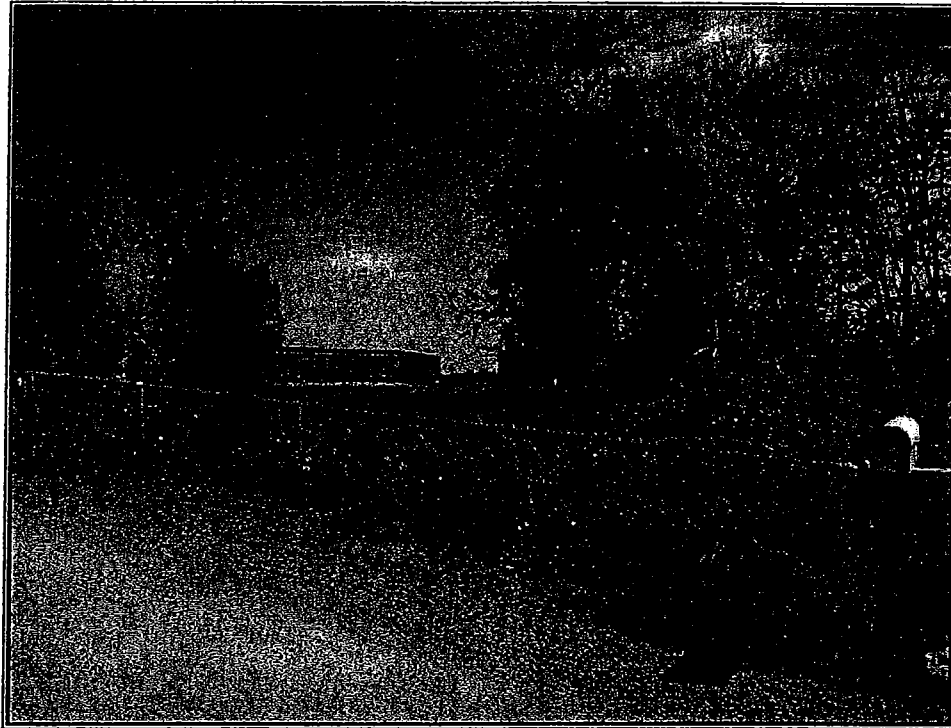
(5) DESCRIPTION:

Topography: Level
 View: None
 Utilities: All available
 Improvements: None
 Comments: Based on the zoning, the site can be developed with 20 lots. The property has view potential of the surrounding area and is situated next to other recently developed neighborhoods and open agricultural land owned by King County. The lot is cleared and in close proximity to amenities. The area has been steadily increasing in property values due to its central position between Seattle, Redmond, and Bellevue.

(6) ANALYSIS:

Item	Size or Number	Units	Contributory Value	Potential Lot Price
Land	26	Units	\$ 2,700,000	\$
Improvements			\$	\$
Other			\$	\$
Development			\$	\$
Profit and Fee			\$ 3,100,000	\$155,000
			\$ 3,100,000	\$155,000

Sketch and Photographs of Comparable Land Sale No. 3



Date Taken: April 27, 2007

Taken By: GLP

COMPARABLE SALE NO. 4

(1) ADDRESS or LOCATION:

3212 NE 100th St., Seattle, WA 98125

(2) SALE SKETCH and PHOTO are on following page;

- a. Access: NE 100th St.
- b. Use at Sale: Vacant
- c. H & B Use: Residential
- d. Zoning: SF 7200
- e. Area: 2.945 Acres
- f. Sale Date: 04/16/2004
- g. Sale Price: **\$1,812,000**
- h. Instrument Type: Bargain & Sale
- i. Terms: Cash
- j. Ex. Tax # or AF #: E2114180
- k. Seller: Seattle School District No. 1
- l. Buyer: Steve Williams Custom Homes Inc.
- m. Confirmed with: Monica Williams at Steve Williams Custom Homes
- Phone #: (206) 522-9994
- Date: 05/09/2006
- Confirmed by: Glenn L. Price
- n. Date Inspected: 04/27/2006

(4) LEGAL DESCRIPTION:

Fischer's Highway Garden, Tracts #2, parcel 1 Seattle LBA #2307324 Record # 20040415900001 said LBA defined as follows – said lots 5 through 8 said block 7.

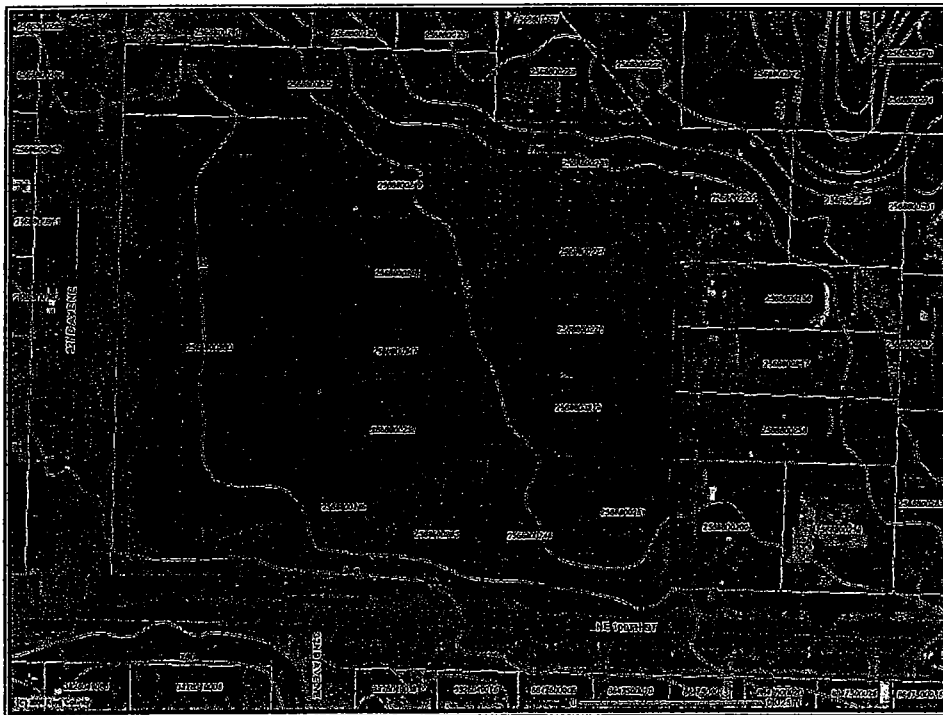
(5) DESCRIPTION:

- Topography: Mostly Level
- View: None
- Utilities: All available
- Improvements: None.
- Comments: The site was later developed with 12 lots which were cleared at the time of sale. The property has been fully improved with new homes. The site was used for a school, and was sold after the closure of the facility. The site has good access to downtown Seattle, and amenities are nearby.

(6) ANALYSIS:

Item	Size or Number	Units	Contributory Value	Potential Lot Price
12 Lots	12	lots	\$ 1,812,000	\$
Land			\$	\$
Improvements			\$	\$
Total Land Price			\$ 1,812,000	\$151,000

Sketch and Photographs of Comparable Land Sale No. 4



Date Taken: April 27, 2007

Taken By: GLP

**QUALIFICATIONS
OF
APPRAISERS**

QUALIFICATIONS OF APPRAISER

JAMES B. PRICE, MAI, SR/WA

EDUCATION

Bachelor of Science in Finance, Real Estate Emphasis: Northern Illinois University, University of Illinois; 1966.

Appraisal Institute courses include Capitalization Theory, Residential Valuation, Easement Valuation, and Standards of Professional Practice.

Seminars and Classes include Real Estate Feasibility, Business Valuation, Valuation of Easements and Litigation Skills, Appraising for Pension Funds, and Appraisal of Partial Acquisitions.

PROFESSIONAL MEMBERSHIPS

Appraisal Institute

Membership: MAI Designated Member of the Appraisal Institute since 1979
Formerly: President, Director, and Vice President, Seattle Chapter and Alaska Chapter

International Right of Way Association

Designation: SR/WA (Senior Right of Way Agent)
Position: Regional Vice-Chair and International Right of Way Association Valuation Committee
Formerly: International Right of Way Association Director, President, and Vice President; Seattle, Washington and Fairbanks, Alaska Chapters

EXPERIENCE: Over 35 years

Currently: General Partner, APPRAISAL GROUP OF THE NORTHWEST LLP
Developer of subdivisions, office building, and residences
Owner of office buildings and apartments

Formerly: Proprietor, APPRAISAL GROUP OF THE NORTHWEST
Appraiser, Schueler, McKown & Keenan
Partner, Price & Associates, Alaska

Senior Appraiser, First State Bank of Oregon
Appraiser, Pacific First Federal Savings Bank
Appraiser, U.S. Small Business Administration
Appraiser, Washington State Dept. of Transportation

Qualified as an expert witness in Superior Court, Federal Court Master's Hearings, and Federal Bankruptcy Court. Served as an arbitrator in property valuation and lease renewals.

Fee reviewer; Washington Dept. of Transportation, major banks, and governmental clients.

Qualified as a Master; held Master's Hearings in Alaska.

Currently certified under the continuing education program of the Appraisal Institute.

Currently certified in Washington State as a General Appraiser (Certification No. 1100229)

CLIENTS SERVED

Abeyta & Associates, R/W Company	King County Library System
Benson & McLaughlin, Accountants	Korea Exchange Bank
Bullivant, Houser, Bailey, Pendergrass	Lane & Associates, Inc., R/W Company
& Hoffman; Robert Riede, Attorneys	John Lynch, CPA, Bellevue
Bureau of Indian Affairs	Ogden Murphy Wallace, Attorneys
Bureau of Land Management	O. R. Colan Associates, Inc.
Center Bank	(Acquisition Specialists)
Certified Land Services	Pacific Union Bank
Charter Bank	Pharos Corporation (R/W Company)
Chevron Products Company	Port of Friday Harbor
Church of God, Western Washington	Port of Orcas
City of Auburn	Port of Seattle
City of Des Moines	Puget Sound Energy
City of Issaquah	Reid Middleton, Engineers
City of Newcastle	Saehan Bank
City of Port Angeles	Seattle City Light
City of Redmond	Seattle Monorail Project
City of SeaTac	Seattle School District
City of Seattle	Sound Transit
City of Tacoma	Tacoma Utilities
Coldwell Banker Relocation	Union Bank of California
Columbia Bank	U.S. Bank
Corr Cronin LLP, Joshua Preece, Atty.	U.S. Fidelity & Guarantee
Costco	U.S. Postal Service
Eastman, Scott, Attorney, Bellevue	Universal Field Services, Mitch Legal
El Centro De La Raza; Felicia Gonzales	Washington Dept. of Transportation-
Enumclaw Public Schools;	Approved Appraiser & Reviewer
Will Samuelson	Washington State Dept. of Natural
First Sound Bank	Resources
Huling Brothers; Steve Huling	Washington State Parks & Recreation
Johns Monroe Mitsunaga, Attorneys;	Commission
Michael Monroe, Darrell Mitsunaga	Waste Management
Kent Schools	Williams Northwest Pipeline
KeyBank of Washington	Wilshire State Bank
Keating Bucklin & McCormack,	
Attorneys	

QUALIFICATIONS OF APPRAISER

GLENN L. PRICE

EDUCATION

Bachelor of Science from University of Washington, Geology major, Architecture minor

REGISTRATION

Currently registered in Washington State as a Real Estate Appraiser Trainee #1000389

CONTINUING EDUCATION

Appraisal Principals, Appraisal Institute, 2005

USPAP & Ethics, Standards of Professional Practice, Appraisal Institute, 2005

Basic Income Capitalization, Appraisal Institute 2005

Appraisal Procedures, Appraisal Institute, 2006

EXPERIENCE:

Currently: Appraiser, APPRAISAL GROUP OF THE NORTHWEST LLP
2003 - Current

AFFILIATIONS:

Associate Member of the Appraisal Institute

CLIENTS SERVED

Abeyta & Associates
Bellevue Community College
Brandt Law Group
Catherine Janicki, Atty.
Certified Land Services
City of Auburn
City of Shoreline
City of Tacoma
Citywide Mortgage
Dynasty Mortgage
Financial Advantage
Howe, Cunningham & Lowe, PLC
Joseph DePalma Administrative Trust

Kent Schools
KeyBank National Association
King County Water District #1
O.R. Colan Associates, Inc.
Pharos Corporation
Port of Seattle
Schwartz, Kales, Accountants
Sound Transit
Suburban North Wealth Mgmt.
Terry Brink, Atty.
Universal Field Services
US Bank
Weichert Relocation Company

Bond Advisory Committee Draft List of Projects

Objective: To create a reasonably balanced and mixed list of projects (e.g., active, passive, east, west, open space, youth, adult, seniors, community and group support)

Project	Draft List (7/13/05)	Staff Recommend- ation	Committee Recommend- ation (8/4/05 & 9/15/05)	Staff Recommend- ation (2/9/06)	Committee Recommend- ation (2/9/06)
Hamlin Park (SPU acquisition-8.3 acres)	\$ 3,400,000	\$ 3,400,000	\$ 3,300,000	\$ 3,300,000	✓
Richmond Beach Saltwater Park Improvements (improvements to be identified in the master plan)	\$ 2,800,000	\$ 2,800,000	\$ 2,800,000	\$ 2,640,000	✓
Trail Corridors	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	✓
South Woods Property Acquisition (15.6 acres)	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 6,000,000	✓
Cromwell Park Improvements	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	✓
Kruckeberg Gardens (acquisition-4 acres, parking improvements)	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	✓
Field Turf at Twin Ponds Park	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	✓
Hamlin Park Improvements (backstops, concession stand, restrooms, picnic shelters, and field lighting on lower fields)	\$ 400,000		\$ 750,000	\$ 750,000	✓
Baseball/Softball Field Improvements (backstops, restrooms, scoreboards)	\$ 100,000		\$ 250,000	\$ 250,000	✓
Second Skate Park (park site TBD)	\$ 250,000	\$ 250,000	\$ 250,000		
Off Leash Dog Park (park site TBD)	\$ 100,000	\$ 150,000	\$ 150,000	\$ 150,000	✓
Lights on Tennis Courts at Shoreline Center	\$ 40,000	\$ 60,000	\$ 60,000	\$ 60,000	✓
South Echo Lake + Weiman House	\$ 1,000,000				
Field Turf at Shoreview Park	\$ 900,000				
Darnell Park	\$ 50,000				
Tennis Courts (resurfacing at Meridian Park and Keough Park)	\$ 20,000				
TOTAL	\$ 16,410,000	\$ 14,010,000	\$ 14,910,000	\$ 18,500,000	

Draft List Adopted by Subcommittee on 8/4/2005

Draft List Adopted by the Bond Advisory Committee on 9/15/2005