

Exhibit A to:
Draft – MEMORANDUM OF UNDERSTANDING
Regarding Joint Appraisal of Woodinville Subdivision

February __, 2010

Mr. Kurt Engstrom, Senior Review Appraiser
King County Department of Natural Resources
Resource Lands & Open Space Section
201 S. Jackson Street, Suite 600
Seattle, Washington 98104-3855

**RE: BNSF EASTSIDE CORRIDOR APPRAISAL IN KING AND SNOHOMISH
COUNTIES, WASHINGTON**

Dear Mr. Engstrom:

As requested, we have reviewed information relating to the property referenced above for the purpose of estimating a fee and timing for completion of a *Self-Contained Appraisal Report*. The purpose of our report is to provide an opinion of market value of the corridor property identified as the Woodinville Subdivision. The report will include all applicable approaches to value and comply with USPAP, as well as the Uniform Act (but is not intended to be a Yellow Book compliant document).

The subject is comprised of over 400 acres of land situated in two counties and several cities. It can also be identified as the Eastside Corridor for reference purposes. The Appraisal assignment is complex in that the property includes a nearly 40-mile corridor, deemed excess to the needs of BNSF, and recently sold to the Port of Seattle. The majority of the property has been rail-banked while the northern segment remains in freight use. The Appraisal will consider the widely divergent property characteristics and development potential among various portions of the corridor.

This appraisal work will be carried out consistent with the MOU entered into by the Parties intending to acquire or retain interests in the Property, which MOU is attached to this letter. Phase 1 of the assignment will include an appraisal report that will provide an opinion of market value for the property based on the condition in which it was acquired by the Port of Seattle. In addition, Phase 1 of the assignment will allocate the value of the Woodinville Subdivision among the four separate segments of the Woodinville Subdivision as identified in the MOU, i.e. the Freight Portion; the County Portion of the Redmond Spur subject to the existing Railroad Right of Way License; the City Portion of the Redmond Spur; and the Southern Portion.

Phase 2 of the assignment will reflect more specific allocations or otherwise provide opinions of market value of the various, specific interests that are expected to be acquired by the Parties. Direction on the scope of the Phase 2 work will be determined subsequently by the Parties. The Phase 2 work may be included in an addendum to the initial appraisal report.

With regard to the highest and best use analysis, particularly in the northern segment, the valuation may require assistance from our subconsultant, Stone Consulting. Such consulting may entail 1) an updated valuation of the trackage improvements and potentially 2) analysis of the Going Concern value premise. While a specific scope has not yet been determined, you have provided budget authorization of up to \$20,000 should these services be necessary. The scope of work for this subconsultant will be determined by me as part of the highest and best use analysis.

A Draft *Self-Contained Appraisal Report* can be completed within 60 days of authorization to proceed. The fee quote for this Phase 1 work product is \$54,000 plus the Stone Consulting allowance. The fee will include two meetings during the appraisal process. Additional meetings, if necessary, will be billed on a time and materials basis. Hourly rates range from \$60-\$125 for Associates and \$250 for Principals.

The fee for Phase 2 is quoted at \$9,500 based on the expected scope. This estimate may be adjusted with your approval depending on the ultimate scope of the Phase 2 work.

It is expected monthly invoicing will occur based on time and materials. This fee quote and timing is valid for two weeks from the date of this letter.

Consistent with your request for a proposal related to this property, you will be provided drafts of any report or addendum. In addition, you will be provided twelve copies of any draft or final report or addendum.

As this is an updated report, much of the property information is known; however, updates to studies and information generated in the past two years would also need to be considered. In order to proceed with this assignment, we need the following information:

1. Updated Copies of title work, if any.
2. Mapping of Corridor to be based on information provided in 2007 analysis unless notified otherwise.
3. Description of the various Parties interests/easements.
4. Copy of existing County public multipurpose easement.
5. Copy of recent Purchase and Sale Agreement and Donation Agreement between BNSF, the Port of Seattle and King County.
6. Copy of the Reserved Freight Easement and the Operations and Maintenance Agreement on the Freight Portion, and a copy of the Railroad Right of Way License on the County Portion of the Redmond Spur.
7. Acknowledgement, if appropriate, that property is to be evaluated as if free of hazardous materials.
8. Name and number of contact person(s) for inspection.

Thank you for your consideration of Allen Brackett Shedd for this assignment. We look forward to the opportunity of working with you again. Please call if you have any questions.

Sincerely,

ALLEN BRACKETT SHEDD

S. Murray Brackett, MAI

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