



October 31, 2012

Mr. Ryan Clintworth
Berschauer Group
344 Cleveland Ave. SE
Tumwater, WA 98501

RE: 4th, 5th and Columbia Development Proposal

Dear Ryan:

Thank you for Berschauer Group's interest in developing a housing project in Downtown Olympia. I understand that Berschauer is considering purchasing the half city block bound by 5th and 4th Avenues and Columbia Street in Olympia and is seeking certain commitments from the City as a part of its development project. These commitments include the City agreeing to modify an existing restrictive covenant held by the City on the site and contributing to the environmental remediation that will be needed to develop the project.

The City has a strong interest in working toward the completion of a housing project at this site as a part of its long term plans for revitalizing downtown Olympia. Our preference is to have the project site completely remediated and maximize the number of housing units. I understand that the current restrictive covenant on the site inhibits your ability to build the size of housing project you believe is a better fit for this location. I agree that clarifying the terms of the restrictive covenant and resolving certain potential liabilities concerning this site could be in the best interests of the City.

My understanding of what we discussed is for the City to consider the following:

1. Amend the existing restrictive covenant concerning the property to allow the development of only half of the site as long as that development includes a minimum of thirty (30) residential units. The restrictive covenant would apply to only the half of the site that is developed with the housing project.
2. The City and Berschauer would share equally in the costs of the environmental remediation that would be required to complete the housing project with the City's contribution being capped at \$480,000 and the City's obligation to contribute starting after Berschauer had spent \$25,000 on actual remediation activities in the soil at the site. The City's agreement to contribute costs for environmental remediation would also be limited to a five year period.
3. The City would release Berschauer from any claims the City may have in the future for costs associated with addressing contamination from the site that must be addressed for the City to perform utility work in its rights-of-way. The City would be protected from any third-party claims associated with the environmental conditions on the property and Berschauer, and any related entity, would release the City from any claims Berschauer, or any related entity, may have for any remediation work Berschauer, or any related entity, may have to perform concerning the site that would exceed the remediation work the City has agreed to cover with its \$480,000 contribution.

4. Berschauer would agree that if it transferred any portion of the property in the future, it would provide prior notice to the City and it would include in the transfer documents a release from the prospective purchaser of all claims against the City related to the environmental conditions of the site.

If agreeable, the above conditions will need to be set forth in various legal documents. Subsequent to your agreement to these concepts, you would like me to request City Council consideration of these basic provisions with direction to staff to proceed with drafting appropriate legal documents if the Council agrees with the general conditions, as set forth above. In addition, any project proposed by Berschauer would need to comply with all City development requirements for the property.

Please confirm that I have accurately summarized the current proposal and that these are the terms you would like the City Council to consider.

Sincerely,



Steven R. Hall
City Manager

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