

ATTACHMENT B:



TOUCHSTONE CORPORATION

COPY

October 1, 2003

Cynthia M. Berne
Department of Transportation
Metro Transit Division
King County
KSC – TR – 0431
201 South Jackson Street
Seattle, WA 98104-3856

Dear Cynthia,

Please find below our Letter of Intent for the King County Transit North Lake Union property.

1. PARTIES:

SELLER: King County – Department of Transportation

BUYER: Touchstone Northlake LLC – Douglas O. Howe,
James D. O'Hanlon, & Shawn R. Parry

2. PROPERTY:

Seattle property - North Lake Union Site. Lots 1-12 inclusive, Block 74, Lake Union Addition located at 1600 North 34th Street, known as Tax Parcel Number 408330 6985 02, Records of King County, Washington.

3. PARCEL SIZE: Approximately 72,893 square feet

4. PURCHASE PRICE:

The Purchase Price shall be FIVE MILLION DOLLARS (\$ 5,000,000). The Purchase Price shall be payable in cash at closing. Buyer will provide a Maintenance Facility to replace the current maintenance facility by either 1) On-Site Option: Purchasing the air rights and constructing a permanent on-site maintenance facility as part of the proposed development project in addition to

the \$5M Purchase Price, OR 2) Off-Site Option: by the acquisition, design and construction of a permanent off-site facility at no cost to Seller as a fee simple interest in addition to the \$5M Purchase Price. Location, site and design of the maintenance facility shall be subject to Seller's approval. If an Interim Facility is required, Buyer will provide a Temporary Facility, suitable and acceptable to the Seller, to relocate Seller during the construction period of the project at no cost to Seller.

5. EARNEST MONEY:

One Hundred Thousand Dollars (\$ 100,000) cash as a non-refundable payment upon execution of the Purchase and Sale Agreement. All of the cash Earnest Money deposit, plus accrued interest, shall be applied to the Purchase Price at closing but shall be forfeited to Seller in the event Buyer elects not to proceed with the sale.

6. CONTINGENCIES:

Buyer's obligation to purchase the property will be subject to Buyer's waiving the following contingencies within one year of mutual acceptance of the Purchase and Sale Agreement:

- a) Feasibility. Buyer's determination that the site plan, parking plan and access plan for the Property are acceptable, that utilities of adequate capacity serve the Property, and that the Property is economically and otherwise feasible for Buyer's intended use.
- b) Studies. Approval of all soils, engineering, hazardous waste, geotechnical, wetlands, and other studies in connection with the Property and Buyer's proposed project.
- c) Approvals and Permits. Issuance of all zoning approvals, building permits, use permits, site plan approvals, environmental approvals and any other governmental approvals necessary for Buyer to develop, construct, and operate a research & development office building on the Property, all of which shall be in final and unappealable form. The timing, conditions and cost of the permits and approval (including any mitigation fees) must be satisfactory to Buyer.
- d) Maintenance Facility. Buyer and Seller come to agreement on an acceptable maintenance facility to replace the current maintenance facility.

7. EXTENSION OF CONTINGENCY PERIOD:

Buyer shall have the right to extend the Contingency Period for three (3) successive six (6) month periods by each time giving Seller written notice of Buyer's intent to extend within the then current Contingency Period, and by each time paying Seller Fifty Thousand Dollars (\$ 50,000) in cash as additional Earnest Money. All of the cash Earnest Money shall be applied to the Purchase

Price at closing but shall be forfeited to Seller in the event Buyer elects not to proceed with the sale.

8. CLOSING:

Closing shall occur at the office of First American Title Insurance Company within thirty (30) days after Buyer waives all contingencies, or upon issuance of the building permit, whichever occurs first.

9. POSSESSION:

Buyer shall have possession upon closing.

10. TITLE INSURANCE:

Upon execution of a Purchase and Sale Agreement, Seller will order a preliminary Title Commitment from First American Title Insurance Company and provide it to Buyer within ten (10) business days of mutual execution of a Purchase and Sale Agreement. Seller will pay for the cost of ALTA extended coverage. Buyer will have thirty (30) business days to review title exceptions and request items of an objectionable nature to be removed. Seller will have ten (10) business days to remove those items.

11. SURVEY:

Buyer will procure, if necessary and at Buyer's expense, a survey sufficient to obtain the ALTA Extended Owners Title Policy.

12. CONVEYANCE:

Statutory Warranty Deed.

13. CLOSING COSTS AND PRORATIONS:

Seller will pay all conveyance and transfer taxes, title insurance premiums, and one-half of the Escrow Fee. Buyer will pay one-half of the Escrow Fee. Property taxes for the year of closing will be prorated as the closing date.

14. COMMISSION: No real estate broker.

15. ACCESS:

Buyer shall obtain a Right of Entry to begin due-diligence and any consulting work Buyer requires. Buyer will provide Seller with notice of all consultants that will enter and perform work upon the property.

16. REPRESENTATION AND WARRANTIES:

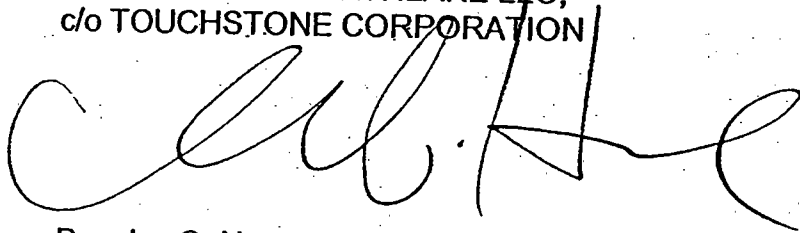
Seller shall make the usual and customary representations and warranties to Buyer, which shall be set forth in the Purchase Agreement.

This letter is not to be deemed an offer and is not binding upon Buyer or Seller. This letter is, however, an expression of our interest to conduct serious negotiations which could result in a binding Purchase and Sale Agreement. Neither party will be bound until a final Purchase and Sale Agreement is executed by both the Buyer and Seller.

We look forward to your response.

Very truly yours,

TOUCHSTONE NORTHLAKE LLC,
c/o TOUCHSTONE CORPORATION

A handwritten signature in black ink, appearing to read 'D. O. Howe', written over the typed name of Douglas O. Howe.

Douglas O. Howe, Managing Member