



May 22, 2012

Kernen Lien
Associate Planner
City of Edmonds
121 5th Avenue North
Edmonds, WA 98020

Re: Woodway Elementary Plat
P-2007-17, PRD-2007-18

Dear Mr. Lien:

We have provided surety products for Burnstead Construction Company for many years and we are very familiar with its business. We also provide surety products to many other developers, both large and small, in the Pacific Northwest. In connection with Burnstead's application for preliminary plat and PRD approval of the above project, we understand that the City of Edmonds is considering that one condition of approval of the application is that Burnstead provide the City with a five year maintenance bond on the storm drainage improvements for the plat.

This is a highly unusual request and one that we frankly have never been asked to accommodate for a client in the past. In all jurisdictions where our clients do business, the applicable municipal code requires a two year maintenance bond, which is the maximum maintenance period authorized by state law pursuant to RCW 58.17.130 (copy attached). We also understand the Edmonds City Code states that a two year maintenance bond is required for a development like this. In reality, the time period is often more than two years because the municipality will not release the bond and the developer from the maintenance obligations until it is satisfied that the maintenance has been done consistent with the requirements of the plat.

At this time, for several reasons, we cannot commit to Burnstead or the City that we would issue a maintenance bond for five years. Some of the reasons include that the final engineering for the improvements have not been completed, we don't know the maintenance conditions and we are not able to complete financial underwriting until the bond is applied for.

That said, while it is certainly an unusual request, because Burnstead is an excellent, long-time client of ours and has been successful over the years, we would consider whether we could issue such a bond when the improvements are completed and the maintenance bond is applied for.

If you have any questions regarding this letter, please contact the undersigned.

Best regards,

A handwritten signature in black ink that reads "Jake W. Murphree".

Jake W. Murphree, Branch Manager
Developers Surety and Indemnity Company
jmurphree@inscodico.com

Insko Insurance Services, Inc.

9750 Third Avenue NE, Suite 305, Seattle, WA 98115
206-525-8201 • Fax 206-525-8288 • www.InscoDico.com

Underwriting Manager for: Developers Surety and Indemnity Company & Indemnity Company of California