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August 16, 2007

Via Electronic Mail

Larry Shook
Camas Magazine

Dear Mr. Shook:

I am following up on electronic mail of July 12, in which I told you that if I could do so consistent with my obligations to the City, I would address by letter Cherie Rodger's charge that I misrepresented to the mayor and City Council that "Davis & Ceriani" had recommended the City's acceptance of settlement terms reached with the Cowles.

The City cannot and should not waive the attorney-client privilege or any other privilege for at least as long as the litigation with Prudential Equity Group is ongoing. I will state unequivocally however, that Ms. Rodgers' assertion is entirely incorrect. Neither I nor any member of my firm told the City Council or any of its members that Mr. Ceriani or his partners had approved the settlement terms.

Recall that I pressed you to pin down the date on which Ms. Rodgers claims I gave these assurances, which you could not do. Review of my records confirms that I did not speak or correspond with Ms. Rodgers or other City Council members after the December 6, 2004 executive session. The settlement presented at the Council meeting on December 11, 2004 was not reached until later in the week, at a time when I was no longer involved. I was therefore never present at a meeting in which I *could* report that Mr. Ceriani had approved or disapproved the settlement.

As to discussions that took place earlier, I would point out that of four executive sessions I attended during the period the settlement with the Cowles was being negotiated, Gary Ceriani participated by telephone in the first (November 22, 2004) and his partner, Michael Cillo was in Spokane and attended the second (November 29, 2004). It is reasonable to expect that if Ms. Rodgers or any other member of the City Council had questions about the Davis & Ceriani lawyers' position, they would have raised them in one of those meetings.

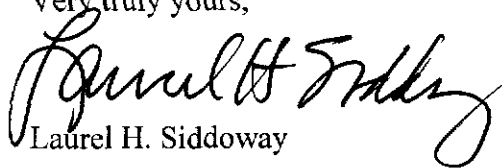
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While I did not represent that Mr. Ceriani approved the settlement nor will I reveal my own advice to the Council, I do not retreat at all from my earlier letter criticizing your "straw man" case against the Council's decision. Even at the true value of the settlement, which was many times the bogus value reported by your story, the settlement with the Cowles was a hard pill to swallow. There was not a member of the Council who did not say as much at the December 11 public meeting. But each of the Council members spoke at that meeting candidly, and many eloquently, about carefully-considered reasons for their vote. None of them, I might add, mentioned any recommendation by Mr. Ceriani or me.

Finally, while setting you straight on my role is important to me, more important to you readers is surely the fact that you are 180 degrees wrong in reporting the consequence of the City's settlement with the Cowles. By the time of that settlement, the federal court had ruled that any recovery by the City on the bondholders' claims would be capped at an amount he determined to be reasonable. At the hearing on the damage cap a few months later, the court held that taking into consideration the value of its settlements, the City had been made more than whole on the bondholders' claims and had no further damages to recover. The City has appealed that decision, which conflicts with City evidence presented at the hearing by Mr. Ceriani's partner. But any reasonable story addressing whether the City should have settled in December 2004 should point out that, as things presently stand, the City obtained more by its settlement than it could have obtained through trial.

There is nothing more I can tell you in light of a privilege I must respect. I informed you weeks ago of other errors in your story; you now know that it is wrong in every respect. You should retract it or remove it from your website.

Very truly yours,


Laurel H. Siddoway