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April 4, 1994

VIA TELECOPY 797-1792

Mr. Daniel B. Cooper
General Counsel
Metropolitan Service District
600 NE Grand Avenue
Portland, OR 97232-2736

Re: AMCO-Portland, Inc./Metro Lease

Dear Dan:

My clients and I have received a copy of your letter of April 1, 1994. You state in your letter that the Metro Council Budget Committee "has adopted a motion that indicates it is considering recommending that the Metro Council not appropriate funds...." I would appreciate receiving a copy of the text of the motion itself. Your characterization of the motion appears to be carefully worded; that is, your characterization of the motion is that it simply "indicates" that the Committee is "considering recommending" a non-appropriation action.

What is very surprising about your letter and the Committee's action is that it is completely contrary to Metro's letter of March 17, 1994 in which the author and the cosigners state as follows: "Metro's approved budget for this fiscal year and the executive officer's proposed budget for next fiscal year provide adequate staffing and funding to meet all of our obligations under the terms of our lease assuming no tenants, and therefore, minimal operating costs." This conclusion--that Metro has adequate funding to pay the rent for the next year--is the conclusion of not only Mr. Doug Butler, Interim Director, Regional Facilities, but also the conclusion of the cosigners of the letter: Rena Cusma, Executive Director; Judy Wyres, Presiding Officer; Rod Monroe, Finance Chair; and Sandi Hanson, Regional Facilities Chair.

If the Metro Council Budget Committee should recommend a non-appropriation of funds for the rent and if that recommendation is accepted by the full Metro Council, then we will be forced to file suit to challenge this purported non-appropriation. If that scenario occurs, our position will be

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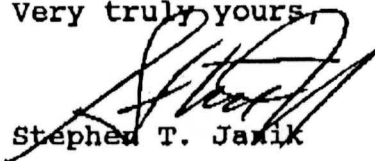
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that Metro has the funds to pay the rent, but is simply acting in bad faith and trying to use the non-appropriation provisions of Section 39 of the lease to avoid its obligations under the lease. We hope that it does not come to that.

My client has tried for over a year to be cooperative and helpful to Metro in dealing with this situation. It would be very unfortunate if that cooperation was rewarded with a purported non-appropriation in an effort to evade Metro's obligations under the lease.

We will be responding to the balance of Mr. Butler's letter of March 17, 1994 by a separate letter.

Very truly yours,



Stephen T. Janik

lsj/STJ/Meier/MetroLt.404

cc: Mr. Roger S. Meier
Ms. Helen Kowolik