

March 29, 2016

Via U.S. Mail

Kim D. Stephens
Tousley Brain Stephens PLLC
1700 Seventh Avenue, Suite 2200
Seattle, Washington 98101-4416

Michael L. Lessmeier
Lessmeier & Winters LLC
8390 Airport Blvd., Suite 104
Juneau, Alaska 99801

Re: *McGraw v. Sound Development, LLC*

Dear Messrs. Stephens and Lessmeier:

The City and Borough of Sitka (“CBS”) is in receipt of a letter dated March 22, 2016, addressed to me as counsel for the CBS.

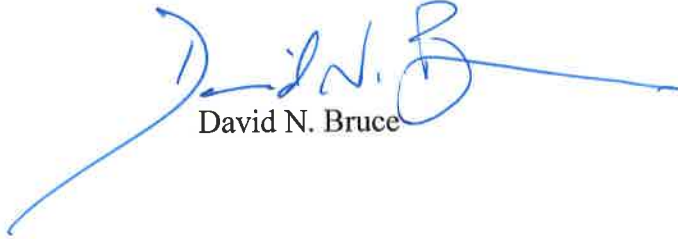
Your letter demands that the CBS defend, indemnify, and hold harmless your client Sound Development LLC with respect to the above-referenced lawsuit, as well as with respect to other unspecified claims.

Your letter contains a number of assertions; the CBS disputes many of your assertions, and agrees with some of them. I will not catalog our points of disagreement in this letter, as it does not seem productive to do so at this point, and we do not feel it would be appropriate for the CBS to comment on allegations that have been made in pending litigation. I will say, however, that the CBS rejects as baseless your implication that the CBS “induced” your client to purchase property from the CBS under some false pretense, or that the CBS otherwise is the “genesis” of any liability your client may have.

The CBS is unaware of any factual or legal basis for your client’s demand for defense and indemnity. Although we are willing to consider any further submissions you wish to make, at this point the CBS rejects the requests and demands made in your letter.

Kim D. Stephens
Michael L. Lessmeier
March 29, 2016
Page 2

Very truly yours,

A handwritten signature in blue ink, appearing to read "D. N. Bruce", with a long horizontal flourish extending to the right.

David N. Bruce