January 15, 1986

James S. Turner, Esquire
Swankin and Turner
1424 16th Street, N.W.
Suite 105
Washington, D.C. 20036

Dear Jim:

As we discussed, the purpose of this letter is to detail the terms and conditions of the agreement between Telesis Corporation ("Telesis") and The Trust for Public Land ("TPL") under which Telesis is to serve as Project Coordinator for the development of the Parkside property recently acquired by TPL. This letter is intended to expand on the terms and conditions that are stated in the Tri-Party Agreement entered into between TPL, Consumers United Insurance Company ("CUIC"), and the Department of Housing and Community Development of the District of Columbia ("DHCD") on November 6, 1985.

1. Duties. Telesis's primary duties as Project Coordinator are to commence the development planning process, to determine the order and scale of development, and to establish the appropriate mix of residential, commercial, retail, and other uses for the property. Telesis's efforts shall culminate in the production of a final development plan.

2. Work Plan. As the initial step in the development process, Telesis shall prepare a work plan. The plan will include: (i) a flow chart of the proposed planning process; (ii) a schedule for that process; (iii) a list of the proposed alternative uses for the property which are to be explored; and (iv) a statement of proposed goals for the development. Telesis will submit the plan to TPL for review and to CUIC and DHCD for approval under the terms of the Tri-Party Agreement.

3. Planning Process. Telesis will carry out the planning process outlined in the work plan. The process will include (i) site evaluation from an architectural, engineering, and legal standpoint; (ii) market analysis; (iii) analysis of

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alternative uses for the property; (iv) cost estimates; (v) financing proposals; (vi) coordination with community organizations and residents; (vii) discussion with city officials to appoint and convene advisory committees to consider matters of site development as they affect finance, education, recreation, health, jobs, and public safety; (viii) identification of assistance needed from the city and other governmental entities; and (ix) identification of potential lessees of the property or other potential users. Telesis will make progress reports to TPL so that TPL's input into the planning process may be incorporated.

4. Final Development Plan. After the planning process, Telesis will submit a final development plan. The plan shall include proposals covering the following topics: (i) the appropriate mix of residential, commercial, retail, and other uses for the property, and what proportion of available resources should be devoted to each use; (ii) a schedule describing the phases in which development of the property should occur; (iii) financing from both public and private sources, including investment participation by community residents; (iv) infrastructure modifications and costs estimates; (v) rezoning requirements, if any; (vi) participation of community and other not-for-profit organizations, as well as any government involvement which may be necessary or helpful; and (vii) selection of an appropriate developer or developers. Telesis will submit the final development plan to TPL within approximately eighteen months of the date of the Tri-Party Agreement as provided therein, which is approximately May 1987.

5. Consultants. Telesis shall select all consultants, land planners, architects, engineers, and other professionals, subject to the approval of CUIC as stated in the Tri-Party Agreement.

6. Approval of Outlays. Telesis shall submit requests for compensation owed to any consultants or other professionals hired as described in section 5, or for any other outlays required during the planning process, to James S. Turner or Betsy Lehrfeld who shall make payment on behalf of TPL. Payments shall be approved by CUIC.

7. Compensation. For serving as Project Coordinator, Telesis will receive an initial fee of $25,000, of which $7,500 has been paid and the balance of which is due as of the date of this agreement. In addition, Telesis shall be paid $5,000 on the first day of each month beginning February 1, 1986 until completion of the final development plan. Telesis shall also receive reimbursement of all out-of-pocket expenses incurred in connection with the planning process including a monthly payment of $1,000 beginning February 1, 1986 for general administrative and overhead expenses.

8. Termination. TPL may terminate this agreement at any time with the prior written approval of CUIC. Telesis may also terminate this agreement at any time, but agrees that in the event of termination, it will make available on a reasonable basis the work product which it has provided as of the date of termination. Upon termination, Telesis shall be compensated through the month in which termination occurs and TPL shall have no further liability to Telesis thereafter.

9. Tri-Party Agreement. Telesis agrees to perform all other duties assigned to the Project Coordinator in the Tri-Party Agreement but not enumerated herein.

Please call me if this letter is not in accord with TPL's understanding of the agreement between TPL and Telesis. Otherwise, please sign and return one of the enclosed copies. I appreciate your assistance in firming up the details of our arrangement.

Sincerely,

Marilyn Melkonian
President, Telesis Corporation

James S. Turner, Esquire
Attorney for The Trust for Public Land

Approved by:

CONSUMERS UNITED INSURANCE COMPANY

James Gibbons
President, Consumers United Insurance Company