



REAL ESTATE DIVISION
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June 21, 1996

Auble & Assoc.
107 S. Howard St. #300
Spokane, WA 99204
Attn: David Auble

Dan Barrett
1306 West Elmwood Ct.
Spokane, WA 99218

Re: Nordstrom's Appraisal Assignment

Gentlemen:

You have requested the City provide you with the best information, to date, concerning the agreement between the proponents and the City.

Since negotiations are ongoing to firm-up terms and conditions, we are unable to provide a 100% picture. However, the following should be of help in completing your appraisal assignment which is due in our office July 8, 1996 1:00 p.m.:

1. Developer builds for the City an underground parking garage, construction slab, and the new multi-level garage that will connect the underground garage and the existing River Park Square Garage.
2. Developer renovates existing garage and makes necessary changes so that all three garages interconnect and can be operated as a system/operation.
3. City leases the land under the existing and new garage(s) for 20 years, valued for use as a parking structure, and purchases completed improvements from Developer at "Investment Value".
4. City issues parking revenue bonds to pay for the garage improvements over 20 years of lease term.
5. City hires management company to operate garage. Operation of garage must be compatible with River Park Square retail project and comply with Nordstrom lease.
6. Developer retains option to purchase garage at the end of the initial 20 year ground lease term for "Fair Market Value". If the developer does not exercise his option, the City shall have four, five year options to extend the ground lease.
7. City has the right to extend the lease until the revenue bonds have been paid in full.
8. The Bond Rate is to be estimated at 7 3/4%.

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9. Debt service coverage is 1.35 times the annual debt service each year.
10. Land lease increases 10% every 3 years for the term of the original lease.

Since I will be out of the office June 24th - 28th, if there are questions concerning the above statements or additional clarification is required, please contact Mr. Pete Fortin, Director of Finance at 625-6045.

The City appreciates your understanding concerning the short time frame we're all working with.

Most Sincerely,



Dennis Beringer
Real Estate Projects Manager

cc: Pete Fortin - Dir. Finance
R/E File