

NEW ISSUE  
FULL BOOK-ENTRY

RATING:  
Standard & Poor's: BBB-

See "INVESTOR SUITABILITY" and "RATING" herein

In the opinion of Preston Gates & Ellis LLP, Seattle, Washington, Bond Counsel, the interest on the Bonds is excluded from gross income subject to federal income taxation pursuant to the Internal Revenue Code of 1986, as amended, subject to certain conditions and assumptions described herein under "TAX EXEMPTION." The Bonds are not private activity bonds. Interest on the Bonds is included in the computation of certain federal taxes on corporations.

**\$31,465,000**  
**SPOKANE DOWNTOWN FOUNDATION**  
**PARKING REVENUE BONDS, 1998**  
**(RIVER PARK SQUARE PROJECT)**

Dated: September 1, 1998

Due: August 1, as shown below

The Bonds are being issued by the Spokane Downtown Foundation (the "Foundation"), a Washington nonprofit corporation, pursuant to an Indenture of Trust dated as of August 1, 1998 between the Foundation and U.S. Bank Trust National Association, as Trustee (the "Trustee"), for the purpose of acquiring certain parking facilities located in downtown Spokane, Washington (the "Parking Facility"), to fund a debt service reserve account, to capitalize interest on the Bonds and to pay costs of issuing the Bonds. See "THE PROJECT" herein. The Foundation will acquire the Parking Facility from the Developer (identified herein) and will lease the Parking Facility to the Spokane Parking Public Development Authority (the "Authority"), a Washington public corporation. The Bonds will be payable from and secured by rental payments received by the Foundation from the Authority pursuant to the Lease (defined herein). Until satisfaction by the Developer of the conditions to the Foundation's obligation to purchase the Parking Facility as described herein, certain proceeds of the Bonds will be held in the Acquisition Fund (established under the Indenture) and invested only in Investment Securities (defined herein). The Bonds are subject to redemption prior to their stated maturity dates. See "THE BONDS" herein.

The Bonds will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof within a single maturity. The Bonds will be issued under a book-entry system, initially registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of Bonds will be made in the principal amount of \$5,000, or integral multiples thereof within a single maturity, in book-entry form only, and purchasers will not receive certificates representing their interest in the Bonds, except as described herein.

The Trustee will act as paying agent, registrar and transfer agent. Principal of the Bonds will be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in St. Paul, Minnesota. Interest on the Bonds will be payable on each February 1 and August 1, commencing on February 1, 1999. See "THE BONDS" herein.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS**

\$6,900,000 5.00% Term Bonds due August 1, 2008 @ 100%

\$24,565,000 5.60% Term Bonds due August 1, 2019 @ 99.25%

THE BONDS ARE LIMITED OBLIGATIONS OF THE FOUNDATION. PAYMENT OF THE PRINCIPAL OF AND INTEREST AND PREMIUM, IF ANY, ON THE BONDS IS A VALID CLAIM ONLY AS AGAINST THE SPECIAL FUNDS OF THE FOUNDATION RELATING THERETO, IS NOT AN OBLIGATION OF THE STATE OF WASHINGTON, THE CITY OF SPOKANE, THE SPOKANE PARKING PUBLIC DEVELOPMENT AUTHORITY OR ANY OTHER MUNICIPAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WASHINGTON, THE CITY OF SPOKANE, THE SPOKANE PARKING PUBLIC DEVELOPMENT AUTHORITY OR ANY MUNICIPAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR PREMIUM, IF ANY, ON THE BONDS. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS" herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Preston Gates & Ellis LLP, Seattle and Spokane, Washington, Bond Counsel, and to certain other conditions. Certain legal matters will be handled upon for the Underwriter by Foster Pepper & Shefelman PLLC, Seattle, Washington. It is expected that delivery of the Bonds will be made on or about September 24, 1998, through the facilities of DTC in New York, New York.

**Prudential Securities Incorporated**

September 15, 1998.

*M. Pratis (5)  
described  
p. 25*

Following any withdrawal from the Reserve Account, the Trustee shall replenish the Reserve Account from Fixed Facility Rent available after making any required deposits into the Debt Service Account. The Reserve Account will be fully funded on the issue date of the Bonds from Bond proceeds.

#### **Flow of Funds**

Pursuant to its Resolutions No. 97-1 and No. 98-1 (collectively, the "Authority Resolution"), the Authority has pledged to establish and maintain the River Park Parking Garage Revenue Fund (the "Revenue Fund"), consisting of the Revenue Account, the Rate Stabilization Account and the Renewal and Replacement Account. Under the Lease Agreement, the Authority is required to deposit all revenue generated by the Parking Facility in the Revenue Fund immediately upon receipt.

Pursuant to the Authority Resolution and the Lease Agreement, revenues held in the Revenue Fund (including transfers from the Rate Stabilization Account and City loan proceeds) must be applied by the Authority in the following order of priority:

*First*, to pay Fixed Facility Rent;

*Second*, to pay Fixed Ground Rent;

*Third*, to pay Operating Expenses;

*Fourth*, to pay Administrative Variable Ground Rent;

*Fifth*, to pay Variable Ground Rent (equal to 50% of the money in the Revenue Account remaining after payments made in First through Fourth above);

*Sixth*, if the Authority has received a loan of Parking Meter Revenues from the City to pay Fixed Ground Rent or Operating Expenses, to repay amounts owed to the City;

*Seventh*, to make payments into the Rate Stabilization Account until the amount therein equals \$2,000,000;

*Eighth*, to make payments into the Renewal and Replacement Account until the amount therein equals \$1,500,000;

*Ninth*, to pay Variable Facility Rent, which shall be used by the Foundation solely for the purpose of prepaying, defeasing or otherwise paying all outstanding Bonds;

*Tenth*, to pay additional Variable Facility Rent (equal to 20% of the money in the Revenue Account remaining after payments made in First through Ninth above), so long as such additional Variable Facility Rent is used solely for lawful purposes under the Foundation nonprofit corporate statutes designed to benefit and improve the downtown neighborhood; and

*Eleventh*, for any lawful purpose of the Authority.

If the Bonds are prepaid, Fixed Facility Rent shall also be deemed prepaid in an amount equal to the Bonds so defeased or otherwise prepaid.