




PRESTON GATES & ELLIS LLP
ATTORNEYS

MEMORANDUM

To: Mr. Terry Novak, via Facsimile @ 532-1221 (3 pages)
Mr. Pete Fortin, via Facsimile @ 625-6217 (3 pages)
Mr. Roy Koegen, via Facsimile at Seattle PGE and 458-3399 (3 pages)

From: Michael C. Ormsby 

Date: August 12, 1999

Subject: Draft Letter to Duane Swinton

Attached hereto is my first draft of a letter to Duane Swinton directed towards encouraging resolution of the current dialogue between the Developer and AMC. I suspect that once I receive Roy's letter addressing the same subject, there will no doubt be changes to my letter. In the meantime, I hope that you will take a moment to review the attached draft and let me know what you think of the content and the tone.

As I reported to Roy via voice-mail yesterday, I understand from Duane that there was a conference call between the Developer and AMC scheduled for this morning. I have yet to hear the results of this call, but if I do I'll report to Roy.

If you have questions or comments, please do not hesitate to contact me. (My direct dial phone number is 624-7507 and my home number is 927-8025.) Thank you.

MCO

MCO:lg

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August 12, 1999

Mr. Duane M. Swinton
Witherspoon Kelley, Davenport & Toole, P.S.
1100 U.S. Bank Building
West 422 Riverside Avenue
Spokane, WA 99201

Re: *Acquisition by Spokane Downtown Foundation of River Park Square Parking Facility*

Dear Mr. Swinton:

The Spokane Downtown Foundation (the "Foundation") received the enclosed letter from the Spokane Parking Public Development Authority (the "Authority") on Thursday, August 12, 1999. As the Lessor of the River Park Square Parking Facility (the "Facility") to the Authority, we are very concerned about a number of questions they raise concerning their ability to operate the Facility. We feel obligated to pass this letter on to you and your client, and express our concern about the transfer of the Facility on or before August 20, 1999, unless the questions raised in the Authority's letter are answered and the Facility is completed and a Certificate of Occupancy is issued.

We understand that you, your client and numerous others have been working hard to resolve numerous issues associated with the completion of the construction of River Park Square and the Facility. However, please understand that before my clients can assume responsibility for the ownership of the Facility, these issues must be addressed and resolved to the satisfaction of the Authority.

We certainly do not want to be presumptuous in suggesting to you or your client how these issues might be resolved, but in addition to the suggestions made by the Authority in their letter, there is at least one more option to consider. Since the purchase price of the Facility was based on the revenue stream generated by the Facility, it may be appropriate to consider adjusting that purchase price to reflect the estimated revised revenue stream based on the most recent numbers developed by Walker given the change in assumptions. Obviously, if you and your client have other suggestions for responding to these questions and issues, we are certainly prepared to consider any and all of those suggestions. Both the Foundation and the Authority will want to verify the effect that any of the proposals may have on the revenue and expenses of the Facility.

Mr. Duane M. Swinton
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All of us want this project to move forward and the Facility acquisition to be completed. We assume that the issues raised in this letter, as well as the Authority's letter, can be resolved. To that end, we want to work with you toward consummating the transfer of the Facility on August 20, 1999, assuming these issues can be satisfactorily addressed. We have been in contact with the Bond Trustee and would like to work with you to complete the appropriate requisition form for payment to the Developer of the acquisition price of the Facility.

I look forward to a response from you at your earliest convenience. Thank you.

Very truly yours,

PRESTON GATES & ELLIS LLP

Michael C. Ormsby

cc: Tom White
Dave Broom
Chris Schnug
Roy Koegen

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Bcc: David Thompson
Jim McDevitt

FYI

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