



PRESTON GATES & ELLIS  
ATTORNEYS

October 1, 1996

Mr. James Sloane, City Attorney  
City of Spokane  
800 West Spokane Falls Blvd.  
Fifth Floor, Municipal Building  
Spokane, WA 99201

Mr. Robert Robideaux  
Citizens Realty Company  
c/o R W Robideaux & Company  
421 W. Riverside, Suite 620  
Spokane, WA 99201

Mr. John C. Moore  
Managing Director  
Prudential Securities Incorporated  
1201 Third Avenue, Suite 5350  
Seattle, WA 98101

Re: City of Spokane Parking Facility and  
City of Spokane Revenue Bond Issue

Gentlemen:

We are writing this letter regarding the role and participation of Preston Gates & Ellis ("Preston") in the proposed financing by the City of Spokane (the "City") of the Riverpark Square Parking Facility (the "Facility"). As you know, Preston has represented and continues to represent the City on other matters, unrelated to the Facility.

In August of this year, Mike Ormsby in our Spokane office was requested to provide assistance to R.W. Robideaux and Associates (the "Developer") on behalf of Citizens Realty/Lincoln Investment Company ("Citizens") in conjunction with advice on various aspects of bond financing, including the effect of bond covenants and the implication of system based revenue financing for the Facility. At that time Preston requested and received a waiver from the City through Jim Sloane.

Preston also was contacted in Seattle by John Moore of Prudential Securities Incorporated ("Prudential") with a request to represent Prudential upon its appointment by the City as the prospective underwriter for the bonds. John Moore's contact in the Seattle office preceded the contact in Spokane; however, a routine conflicts check made by Mike did not reveal the Prudential matter, because the new file for Prudential had not yet been opened in our central records area.

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

ANCHORAGE • COEUR D'ALENE • LOS ANGELES • PORTLAND • SEATTLE • TACOMA • WASHINGTON, D.C.

1400 SEAFIRST FINANCIAL CENTER 601 W. RIVERSIDE AVE. SPOKANE, WA 99201-0636 PHONE: (509) 624-2100 FACSIMILE: (509) 456-0146

PC 03425

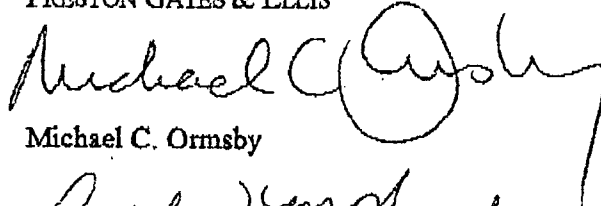
Mr. James Sloane  
October 1, 1996  
Page 2

We do not believe that it is appropriate for us to represent Citizens and Prudential in this transaction. Accordingly, we must withdraw from this dual representation. It is our belief that our advice to Citizens on the discrete issues for which we were retained has been completed and that our withdrawal will not adversely affect Citizens. We do expect, however, that Prudential will continue to require the service of counsel. Our professional rules of responsibility do not permit us to represent a client if the representation will be directly adverse to another client unless we believe that the representation will not adversely affect the relationship with the other client, and each client consents after consultation and a full disclosure of the material facts.

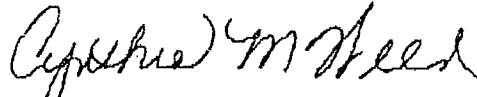
We believe that our work for the City in other matters and our earlier work for Citizens in this matter did not provide us with any confidential information which would be of interest to Prudential in this transaction. We believe that the only adverse consequence of providing consent for our ongoing representation of Prudential is the possible division of loyalty which could arise because of our representation of the City and our prior work for Citizens. We believe each of you independently should evaluate the circumstances. We regret, with embarrassment, that this situation has arisen and apologize for the inconvenience. We are not recommending or suggesting in any way that our firm continue to participate as counsel in any capacity in this transaction. We are conscious, however, of the disadvantage that the parties, particularly Prudential, may feel in a transition. For that reason, if you will consent to Preston's continued representation of Prudential, given what we have set forth in this letter, we would ask you to consider signing and returning the "Consent to Representation" on the next page. Please feel free to call any or all of us if you have any questions, comments or care to discuss any concerns.

Very truly yours,

PRESTON GATES & ELLIS



Michael C. Ormsby



Cynthia M. Weed

cc: Craig S. Trueblood  
Forrest W. Walls

MCO:pp

Mr. James Sloane  
October 1, 1996  
Page 3

**Consent to Preston's representation of Prudential**

CITY OF SPOKANE

By: \_\_\_\_\_  
James Sloane  
It's City Attorney

CITIZENS REALTY/R.W. ROBIDEAUX

By: \_\_\_\_\_  
R.W. Robideaux  
President of R.W. Robideaux  
and Representative of Citizens

PRUDENTIAL SECURITIES INCORPORATED

By: \_\_\_\_\_  
John C. Moore  
Its Managing Director

J:\MGC\35952-00.00\11NL3BR.DOC