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August 11, 1997

Roy Koegen
PERKINS COIE
Suite 600 - Old City Hall Bldg.
N. 221 Wall
Spokane, WA 99201

Dear Mr. Koegen:

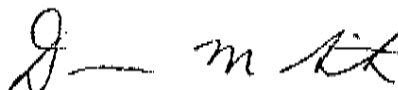
Concerning the Parking Agreement and Parking Covenants, we have agreed that the language with regard to reconstruction of the basement garage and selection of a garage operator may remain in the Parking Agreement and Parking Covenants while the PDA operates the garage but that, once the City takes title to the garage, these provisions would be included in the Ground Lease between the developer and the City.

Concerning the encumbrance issue relating to the Parking Agreement and Parking Covenants, have you determined whether the City can pass an ordinance agreeing to abide by the Parking Agreement and Parking Covenants that is in the nature of a binding contract? I have reviewed Bill Mantel's letter, and we either have to get him to change his mind immediately (which appears to be doubtful) or we need an opinion from other tax counsel on this issue. In any event, this issue must be resolved this week.

Very truly yours,

WITHERSPOON, KELLEY, DAVENPORT
& TOOLE, P.S.

By



DUANE M. SWINTON

DMS:kje

cc: Robert W. Robideaux
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