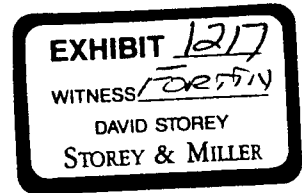


MEMORANDUM



To: Pete Fortin
Bob Robidoux

From: John C. Moore

Re: Bond Rating Agencies--Fee Schedule

Date: December 4, 1996

I am following up with additional information about the estimated fees of the rating agencies. As we discussed, we are interested in obtaining a "rating indication" from Moody's and a "credit assessment" from Standard & Poor's. These are essentially the same thing--just different names. Both rating agencies want assurances at the outset (perhaps even in writing) from the issuer that it will in fact pay the indication/assessment fee. Apparently, they have been burned in the past.

Moody's quoted an estimated rating indication fee of \$11,250 which is approximately 60 % of what a regular rating fee would be. In the event the regular rating is released, the City/Spokane Development Foundation would owe an additional \$7,500 or 40 % of the regular rating fee.

S & P quoted a credit assessment fee of approximately \$8,000 which is 50 % of the full rating fee. Like Moody's, the credit assessment fee will be credited toward the full rating fee if the rating is released.

I should also point out that Moody's is concerned about issuers "shopping" for the best rating when they go through the rating indication/credit assessment process. For example, if S & P assigns a credit assessment of "A" and Moody's assigns an indication of "Baal", the issuer would likely want only the S & P rating to be released. To prevent Moody's from being "silenced", Moody's reserves the right to release or publish its rating anyway.

Please call me if you have any questions.

cc: Roy Koegen
Duane Swinton