



***Pinch
Development & Investment
(PDI)***

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February 26, 2010

Mayor Mary Vernor
City of Spokane City Council
808 W. Spokane Falls Blvd
Spokane, WA 99201

RE: YMCA property proposal

Dear Mayor Vernor and Council Members,

Thank you for entertaining this proposal for the YMCA property. We all realize that this has been a controversial issue, affecting many different people and entities. This proposal is an honest attempt to improve everyone's position. Also, I remain a staunch supporter of more closely intertwining public parks and private development.

I would respectfully propose that the City of Spokane, in lieu of its Park Department, acquire the YMCA property and the debt that goes with it. I would then propose that the City trade the YMCA property for an alternate site, which I am offering to purchase.

The alternate site would be in and adjacent to the far northwestern area of Riverfront Park. The Post Street Bridge is soon to be vacated, leaving Post Street north of Spokane Falls Blvd a dead end street. Part of this proposal envisions moving Post Street to the west, eliminating the radius formerly required for alignment with the Post Street Bridge. The alternate site then, would involve part of altered Post Street, the parking lot which is now adjacent to the park and on Post Street, and a portion of the park, which would lie west of the water feature, north of the gondola, and south of the river.

The alternate site would incorporate a set-back from the river of 50-100 feet and involve the same type of full public access as I had proposed on my development for the YMCA property. The alternate site would also include the existing parking lot that now services the YMCA property.

Accordingly, this proposal would require that the YMCA building be demolished and that the City then would trade the Park Department the YMCA property for the alternate site.

The alternate site, while not being as desirable as the YMCA property, is still viable for a 150 foot high, 72 unit condominium project. In addition to the condominiums, there would be public space

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for a viewing platform on the north side of the building, looking down into the river canyon. There would also be a coffee shop and perhaps a restaurant.

The alternate site would not have the same value as the YMCA property. First of all, it is a smaller site. Also, by comparison, the alternate location does not afford the same panoramic views on all four sides of the building. The alternate site would have smaller, less expensive units on the lower floors, facing west below the roof line of the large, adjacent Avista building. The building would be much more rectangular in shape, which is not as desirable as a building more radial in its design.

I am proposing that the alternate site would be sold to me for \$3,000,000. The terms of the sale would be \$1,000,000 in cash at closing plus \$2,000,000 on a Note and Deed of Trust. The terms of that note would have to reflect the reality of our being in the worst recession since World War II. We all know that no one is going to build a project of this design today. It is, however, viable in the future. When? It's impossible to tell, but it will be viable in the future.

How does this proposal affect all of the parties at the table?

First of all, the Parks Department, while giving up some property on what is arguably the least utilized area of the park, acquires the YMCA property, which is very important to them. The second advantage to the Parks Department is that, instead of handing off \$4.3 Million in debt to the City, the Debt could be reduced to \$1.3 Million.

The City benefits by having less debt as aforementioned. The City also benefits by attaining higher end downtown housing, which they've long desired, keeping businesses and the entire downtown experience more viable. They also get a much needed boost in utility taxes and real estate taxes to help provide the services that we all enjoy.

The Conservation Futures Fund and Spokane County immensely benefit. Instead of having to service the debt of \$4.3 million for the Parks Department, which amortized is 27% of their budget annually for the next 20 years. Instead, they would only be involved to the extent of \$1.3 million, which would be more in line with 6% of their budget.

The centennial trail benefits because the trail, which now dead ends on the west side of Riverfront Park, could be split into two routes around the proposed development, having a predominant right of way along partially vacated Post Street, and across the Post Street Bridge. It can then go west underneath the Monroe Street Bridge, joining up with the Kendall Yards property, which has long been a priority for the Friends of the Centennial Trail.

The developer and the future residents of the housing project benefit because even though the site isn't as desirable as the YMCA property, it is still located downtown. The transaction will be structured in such a way that the project will be built at a future time when the citizens who want to live in downtown Spokane are economically prepared to do so.

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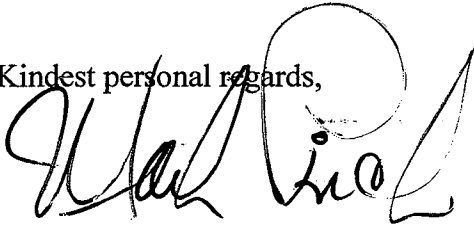
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This proposal would of course be contingent upon the normal required issues that any large development would undertake, such as confirmation of zoning, utility availability, compliance with Shorelines Management, an updated marketing study and a mutually agreeable configuration of the site.

The existing YMCA property has little economic viability and even less aesthetic value. Either it should be redeveloped into a modern structure benefitting many, or it should be demolished, taking advantage of its prime location surrounded by park property. This proposal requires its demolition.

Thank you for entertaining this proposal. Should you find this exchange and subsequent purchase the best alternative for all parties involved, I would welcome a meeting with your designees to work out the details.

Kindest personal regards,

A handwritten signature in black ink, appearing to read 'Mark Pinch', written over a circular stamp or mark.

Mark Pinch
Managing Member
Pinch Development & Investment