

# Progress REPORT

River Park Square Progress Report: Volume No. 4, Issue 1

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## River Park Square Shows Growth and Momentum in 2003

In a year when the region struggled economically, River Park Square posted gains in gross sales and economic impact.

River Park Square finished 2003 at an all-time high in year-over-year gross

**"We're proud to report that River Park Square is doing well. The word is getting out in our community that this is a place like no other."**

- Bob Smith, manager, River Park Square

sales. Gross retail sales hit \$69 million in 2003, up two percent over 2002 and 18 percent over 2000, the center's first full-year of operation.

Like its retail center counterpart, the

River Park Square parking garage also posted all-time highs. An additional 31,906 cars parked in the garage in 2003, eclipsing the previous high established in 2002. Total car counts reached 900,649 in 2003, a four percent increase over 2002. Gross garage revenues totaled \$2,263,166 in 2003, up four percent over 2002.

A strong leasing effort expanded the merchandise mix and tenant roster. The Collector's Zone and Subway opened in late summer, followed by EB Games and Mariposa in the second-half of the year.

The newly created Marketplace, a designated area of kiosks offering a variety of merchandise, opened in October.

Award-winning local restaurant Rock City Grill relocated to River Park

Square in December to expand its operations and be closer to the center of the revitalized downtown.

**"It's been a wonderful move for us, business has been great."**

- Jim Rhoades, owner, Rock City Grill

Increasing sales and garage revenues are evidence of River Park Square's positive economic impacts for the region. The project has sparked more than \$1 billion in new downtown

**"This past holiday season was the best we've had yet. We saw an increased number of shoppers... there was a lot more merchant and event activity."**

- Kerri Marcus, manager, Miaz

investment and generated tax and fee revenues of \$6.4 million in 2003.

Total tax and fee revenues paid by the center exceed \$37 million. The City of Spokane has received \$10.7 million of these monies, part of which helped fund bus service, schools, and cultural venues.

Within the one-mile radius around River Park Square are nearly 500 new construction projects proposed, underway or completed since 1999. This \$1 billion of activity spans commercial, government, mixed-use, medical, non-profit, residential, and infrastructure.

### Regis Salons to Open at Center

Regis Salons has signed a lease to open at River Park Square and is currently under construction, slated to open April 2004. The hair salon will occupy 1,000 square feet on the second level. Regis will employ about 15 stylists and provide hair styling and products for men and women. Its River Park Square location will be one of only a few downtown locations nationwide, according to Al Golz, leasing representative for Regis Salons.

"We were impressed by the River Park Square redevelopment and the surrounding office and university area," added Golz.

# The Community's Connection

River Park Square is connected to the community as a place to shop, dine, gather, work and learn. Residents have made it theirs by creating, supporting, and attending a wide range of community-based events including:

- **Pacers:** Making a healthier community through a free walking and health education program in partnership with Inland Northwest Health Services.
- **Martin Luther King, Jr. Celebration:** Celebrating diversity with a community rally, march and non-profit resource fair.
- **SpoKanstruction:** Fighting hunger by donating thousands of pounds of food raised in this unique building competition benefiting Second Harvest Food Bank.
- **Havermale at River Park Square:** Creating a trained workforce by providing an on-site retail business course in collaboration with Spokane Public Schools and Havermale High School.
- **First Night:** Enhancing the arts and culture scene as the headquarters and venue for this New Years Eve celebration.



Top: Children from the MLK Family Outreach Center tour SpoKanstruction.  
Below: Families attend Kids Day, one of many events held at the center.

## Key Decisions in Federal Court Case

Several motions were argued before U.S. District Judge Edward Shea recently regarding the pending bondholder litigation. Highlights of key decisions included:

- A determination that the developer did not control the Foundation in its activities concerning the garage and issuance of the bonds. In rejecting this claim by the bondholders, the court suggested that the Foundation looked instead to the City for advice.
- Dismissal of the City's claim against the developer that the sale of the garage constituted a fraudulent transfer.
- Application of a formula under federal statutes that significantly limits damages under the bondholders' federal claims against the defendants. Motions have yet to be heard regarding issues that affect damages under state securities law.
- The determination that the federal trial be conducted in Richland, beginning on April 22. The judge moved the case from Spokane citing concerns that "publicity has been so pervasive and prejudicial" that it would be difficult to get an impartial jury in Spokane. The request to move the trial was made by defendants Prudential Securities, underwriter of the bonds, and Seattle law firm Foster Pepper & Shefelman, counsel for the bond underwriters.

## HUD Loan Update

The City of Spokane chose to tap \$323,000 from its community development block grant funds to satisfy a \$745,000 February interest payment on the \$22.65 million HUD guaranteed loan.

The HUD loan helped finance construction of River Park Square. In

addition to stimulating economic activity, the project satisfied HUD job creation goals. River Park Square employs nearly 1,100 people.

Despite court orders and a city ordinance, the council has refused to loan parking meter money to cover garage operation costs and land rent, \$1.1 million of which would be applied to repaying the HUD loan.

"Any shortfall in the City's HUD loan is a direct result of the City's failure to honor its pledge," said Steve Rector, CFO, River Park Square. "The developer has fulfilled its obligations by building a project that has sparked a downtown revitalization and significant economic impacts. Even though the City has created this problem, we're working hard to resolve the issues and protect the CDBG funds."

The City had alternate options to fund the loan, he added.

A second HUD loan payment of \$1.7 million is due in August.