

ORIGINAL

RESOLUTION NO. 616

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON APPROVING THE RESOLUTION OF INTENT NO. 2 PASSED BY THE BOARD OF DIRECTORS OF REDMOND PUBLIC CORPORATION ON JUNE 8, 1982.

WHEREAS, the Board of Directors of the Redmond Public Corporation at a duly noticed meeting on Tuesday, June 8, 1982, passed Resolution No. 2 of the Board of Directors of Redmond Public Corporation stating the intent of the public corporation to issue approximately \$7,000,000 of industrial revenue bonds for the benefit of Nintendo of America Inc., and

WHEREAS, a declaration of the intention to issue such bonds is necessary to permit the process to proceed even though such stated intention is not a final binding commitment either on the Redmond Public Corporation nor approval of the same by the Redmond City Council, now, therefore,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON HEREBY RESOLVE AS FOLLOWS:

Section 1. Resolution No. 2 of the Board of Directors of Redmond Public Corporation, a copy of which is attached hereto, identified as Exhibit A, and incorporated in full by this reference is hereby approved subject to the proviso that this approval by the City Council is not a final approval authorizing the Redmond Public Corporation to issue such bonds.

RESOLVED this 14th day of June, 1982.

CITY OF REDMOND


MAYOR, CHRISTINE T. HIMES

ATTEST/AUTHENTICATED:


CITY CLERK, PAUL F. KUSAKABE

FILED WITH THE CITY CLERK: June 9, 1982

RESOLUTION NO. 2

A RESOLUTION OF THE BOARD OF DIRECTORS OF REDMOND PUBLIC CORPORATION ACCEPTING THE APPLICATION OF NINTENDO OF AMERICA, INC. FOR THE ISSUANCE BY THE REDMOND PUBLIC CORPORATION OF APPROXIMATELY \$7,000,000 IN INDUSTRIAL REVENUE BONDS; AND DECLARING ITS INTENTION TO ISSUE SUCH BONDS.

WHEREAS, Nintendo of America, Inc. ("Nintendo") has filed with this board an application dated June 7, 1982, requesting that this corporation issue, pursuant to Chapter 300, Laws of 1981 of the State Legislature (RCW Chapter 39.84) (the "Act"), approximately \$7,000,000 of its industrial revenue bonds for the benefit of Nintendo; and

WHEREAS, Nintendo proposes to use the proceeds of such bonds for the purpose of acquiring the land described in Exhibit A to such application, which land is located wholly within the boundaries of the City of Redmond, and constructing a plant for the manufacture, assembly, warehousing, distribution, sale, and accounting and administrative functions related thereto, of electronic devices, video games and other electronic and computer equipment (the "Project"); and

WHEREAS, it appears that the Project is a "industrial development facility" as defined in the Act and that the Project is consistent with the purposes for which this Corporation was created by Ordinance No. 1060 of the Redmond City Council; now, therefore,

THE BOARD OF DIRECTORS OF REDMOND PUBLIC CORPORATION HEREBY RESOLVES AS FOLLOWS:

Section 1. Finding as to Project. Having considered the application of Nintendo, attached hereto, this Board does hereby find and declare:

a. That the Project, as defined herein and described in said application, constitutes an "industrial development facility" as defined in the Act;

b. That the Project is consistent with the purposes for which this public corporation was created by the Redmond City Council and the purposes of the act.

Section 2. Acceptance of Application. This Board does hereby accept the attached application of Nintendo and authorizes its general counsel, Ogden, Ogden & Murphy, and John D. Wallace, and its bond counsel, Riddell, Williams, Bullitt & Walkinshaw, and Nyle G. Barnes, to proceed in negotiating and documenting the financing transaction contemplated in the application.

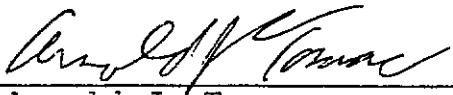
Section 3. Declaration of Intent To Issue Bonds. This Board hereby declares its intention to issue approximately \$7,000,000 of its industrial revenue bonds for the benefit of Nintendo for the purpose of accomplishing the Project, pursuant to the Act, Ordinance No. 1060 of the Redmond City Council, and the charter and bylaws of this Corporation; provided, that this declaration is one of intention and shall not constitute an agreement or a final binding commitment to issue such bonds.

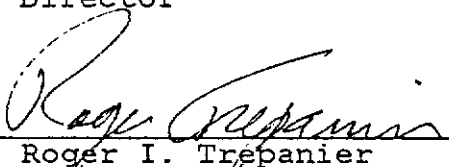
Section 4. Submission of this Resolution to Redmond City Council. This resolution shall be submitted to the Redmond City Council for its approval or disapproval at the next regular meeting thereof. In the event the Redmond City Council disapproves, this resolution shall become null and void and without further effect.


Section 5. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED in an open public meeting of the Board of Directors of the Redmond Public Corporation, after notice thereof was duly and regularly given as required by law, this 8th day of June, 1982.

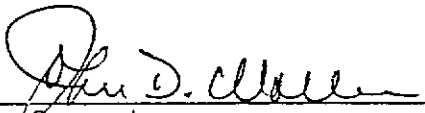
REDMOND PUBLIC CORPORATION

By 
Arnold J. Tomac
Director

By 
Roger I. Trepanier
Director

By 
John P. Vache
Director

ATTEST:


Secretary

6NGB:e/sk
6/7/82

NINTENDO OF AMERICA INC.

18340 SOUTHCENTER PARKWAY
SEATTLE, WA 98188
TELEPHONE (206) 575-8191
TELEX: 321114

June 7, 1982

Redmond Public Corporation
Redmond City Hall
Redmond, Washington 98052

Re: Application of Nintendo of America, Inc.
For Industrial Revenue Bond Financing

Gentlemen:

Nintendo of America, Inc. ("Nintendo") hereby applies to the Redmond Public Corporation (the "Public Corporation") for financing in the approximate amount of \$7,000,000, to be derived from the issuance of industrial revenue bonds by the Public Corporation in a private placement transaction. We hope and trust that the information provided below will enable the corporation to take official action on Tuesday, June 8, 1982, by the adoption of a resolution of intent to carry out the financing project. If further information is needed, please do not hesitate to call upon the undersigned or Mr. Phil Rogers of Nintendo, who is our coordinator for this project, or our general counsel, Mr. Howard Lincoln at 624-1940, or bond counsel, Mr. Nyle Barnes, at 624-3600.

Enclosed is our check payable to the Redmond Public Corporation in the amount of \$4,000.00. As arranged with Mr. John Wallace, your general counsel, this check is delivered as a source of funds from which you may reimburse yourselves for expenses you incur or have incurred in connection with this application and this financing transaction. Mr. Wallace has indicated that it would be appropriate for us to receive a periodic accounting as these funds are used.

1. Project For Which Financing Is Sought. Nintendo wishes to acquire a parcel of undeveloped land within the city limits of Redmond for purposes of construction of Nintendo's national headquarters plant for the production of its high-technology electronic equipment (the "Project"). Nintendo, together with its parent company located in Japan, is one of the largest producers of arcade video games in the

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world and is rapidly expanding into home video games and home computer equipment. The current demand for Nintendo's products and its planned expansion of its product array make its current facility on Southcenter Parkway, Seattle, inadequate.

2. Intended Use of New Redmond Facilities. Nintendo intends to use the facilities to be acquired and constructed in Redmond for producing the equipment mentioned in Section 1. Such production includes the assembly of equipment, the manufacturing of some components for that equipment, and the short-term warehousing of the completed equipment. The facility would also be used for ancillary activities related to the equipment production, such as shipping, sale to distributors of the equipment and accounting and administrative supervision.

3. Description of Project. Nintendo proposes to acquire 13.38 acres of undeveloped property located at the southwest corner of the intersection of S.R. 520 and N.E. 51st Street, in the City of Redmond. The legal description of the property is attached as Exhibit A. A preliminary site plan for the development of this property is attached as Exhibit B.

The first phase of development, for which financing is sought through the Public Corporation, consists of the acquisition of the land and the construction of a concrete building with a floor area of approximately 70,000 square feet, situated at the south end of the site, as indicated on the attached site plan. The building will be divided internally into areas appropriate for the various functions described above. The first phase construction will include ancillary facilities such as necessary utilities, approach roads, landscaping, loading areas, parking areas, fencing, and improvement of the public street frontage (150th Avenue N.E.) up to city standards. This first phase development will encompass approximately 5 acres of the total site. The balance of the site is to be held for expansion as the need for additional facilities arises.

Our intention is to commence construction this August and to be ready to move in in early 1983. We have had preliminary discussions with the Redmond Planning Dept. and, based on our description of the Project, they have made a

threshold determination that the Project is eligible within BT zoning, which applies to the property.

4. Development Costs. The approximate development costs are as follows:

Land Acquisition	\$4,300,000
Building and On-Site Improvements	2,500,000
Off-Site Improvements and Utility Charges	<u>200,000</u>
	\$7,000,000

Any development costs exceeding \$7,000,000, as well as the costs of this financing and the interest on the bonds during the period of construction, will be paid by Nintendo from its own funds.

5. Employment Benefits from Project. Nintendo currently employs a total of 50 persons at its Southcenter plant. Approximately 20 of these, the administrative and managerial staff, are expected to be moved to the Redmond facility upon completion of the facility. Nintendo expects to add between 70 and 100 new employees at the Redmond facility in the two years following its completion. It is expected that most of these new employees will be hired from the Redmond area, due to the concentration of workers in the area skilled in the development, manufacturing, assembly, sale and distribution of electronic equipment. Nintendo expects to continue the use of its present Southcenter plant.

6. Other Information About Nintendo. Nintendo conducts its business in the corporate form, having been incorporated in this state pursuant to the laws of Washington. It is a wholly-owned subsidiary of Nintendo Company, Ltd., a corporation incorporated under the laws of Japan, whose principal office is located in Kyoto, Japan.

Financial statements for Nintendo have previously been made available to you through Mr. John Wallace. We would appreciate their remaining confidential.

Officers of Nintendo are:

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Minoru Arakawa, President
Howard C. Lincoln, Secretary

Coordinator for the Project is Mr. Phil Rogers. His telephone is 575-8191.

Nintendo has banking relationships with Seattle Trust & Savings Bank, Seattle; Bank of Tokyo; SanWa Bank, Seattle; Daiwa Bank. As indicated below, Nintendo expects that the entire principal amount of bonds to be issued in this financing will be purchased, in a private placement transaction, by Fuji Bank, New York, New York.

Nintendo's general counsel is the law firm of Sax & MacIver and Howard Lincoln, 1700 Peoples National Bank Building, Seattle, Washington 98171, telephone 624-1940.

Nintendo has engaged Baugh Industrial Contractors, Inc., 900 Poplar Place South, Seattle, as its general contractor for construction of the project. The manager of the Project will be Jack Eiler, telephone 447-2000.

Nintendo's outside auditors are:

Christensen, Schafer & Husmoe, and Ken Christensen--
15511 Third Avenue S.W.
Seattle, Washington 98166
Telephone 243-7220

Coopers & Lybrand, and John H. Bauer
4700 Seattle-First National Bank Building
Seattle, WA 98154
Telephone 622-8700

Nintendo has selected and requests the appointment as bond counsel for this transaction the law firm of Riddell, Williams, Bullitt & Walkinshaw and Nyle G. Barnes, 4400 Seattle-First National Bank Building, Seattle, Washington 98154, telephone 624-3600. Nintendo has approved the firm's fee schedule, attached as Exhibit C hereto, for this financing. It is understood that payment of any fees is contingent upon the issuance of bonds in this transaction and that the firm's out-of-pocket costs are charged separately from such fees and will be paid without regard to whether bonds are issued.

7. Reimbursement and Indemnification of Public Corporation. Nintendo agrees to reimburse the Redmond Public Corporation for all its reasonable and necessary fees and expenses incurred in connection with the processing of this application, the issuance of bonds, and the financing transaction contemplated by this application. Reimbursement shall be made first from the \$4,000 deposited with the Public Corporation on this date and if and when the deposit is exhausted, from additional deposits made by Nintendo. It is understood that Nintendo will be furnished with itemized invoices for such expenses.

Nintendo agrees that it will at all times indemnify and hold harmless the Redmond Public Corporation and the City of Redmond and their respective officers, agents, and representatives from and against any and all losses, costs, charges, expenses, judgments and liabilities (including reasonable attorneys' fees) of whatsoever nature incurred by it or them while it or they are acting in good faith to carry out the transactions contemplated in this application and the documents and instruments which carry out the financing transaction contemplated in this application.

8. Summary of Bond Issue Structure. A bond issue of approximately \$7,000,000 is contemplated. Costs of the project and costs related to issuance of the bonds which exceed bond proceeds will be paid by Nintendo from its own funds. Nintendo has been informed by Fuji Bank, New York City, that it intends to purchase all of the bonds contemplated to be issued in this financing, by means of a private placement transaction. While details of the structure of the financing are not yet firm, the parties have been discussing a ten-year amortization of the loan, with bonds maturing serially in years three through ten following date of issuance of the bonds, with principal bearing interest at a floating rate equal to 60% of the "prime rate" of a leading American money-center bank other than Fuji Bank.

As to structure of the financing, the parties have been discussing the use of a "lease/lease-back" structure which would involve the purchase by the Public Corporation from Nintendo, for a sum equal to the total proceeds of the bonds, of a ten-year leasehold interest in the land on which the project is to be located and the improvements to be made on the land. Nintendo would utilize the bond proceeds for

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the acquisition of the land and the construction of the project.

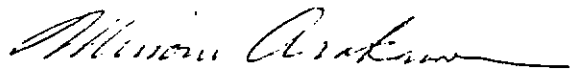
Simultaneously with the execution of the lease, the Public Corporation would sublease to Nintendo, for a term of ten years, the same property, in exchange for Nintendo's agreement to pay rent in a sum sufficient to pay all debt service on the bonds, when due. Nintendo, in the sublease, would additionally grant to the Public Corporation a security interest in its gross receipts and would enter into numerous covenants governing the use and maintenance of the property and the terms under which Nintendo could issue additional debt on a parity of security with the bonds.

Simultaneously with the execution of the lease and sublease, the Public Corporation would assign its rights under the sublease, including the right to receive rents from Nintendo, to the purchaser of the bonds. Payment of rents by Nintendo would be made directly to the bond purchaser. Nintendo's parent corporation would guarantee payment of the bonds.

We are very appreciative of the opportunity to submit this application and of the interest of the City of Redmond and the Redmond Public Corporation in our project. As questions arise, please feel free to contact Phil Rogers or myself, or the other persons listed in Section 6 above.

Very truly yours,

NINTENDO OF AMERICA, INC.

By 
Minoru Arakawa

cc: John D. Wallace
Howard C. Lincoln
Nyle G. Barnes
Jack Eiler

6NGB:c/sk
6/7/82