

RESOLUTION NO. 631

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, APPROVING THE ISSUANCE BY THE REDMOND PUBLIC CORPORATION OF ITS INDUSTRIAL DEVELOPMENT REVENUE BOND, SERIES 1982 (EMF CORPORATION PROJECT), IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,000,000, AND APPROVING THE RESOLUTION OF SAID CORPORATION AUTHORIZING SAID BOND, INCLUDING THE LOAN AGREEMENT AND RELATED DOCUMENTS AND APPROVING THE AMENDMENT TO REDMOND PUBLIC CORPORATION RESOLUTION NO. 3.

WHEREAS, the City of Redmond, Washington, by Ordinance No. 1060, has approved and authorized the creation of the Redmond Public Corporation (the "Public Corporation") as a public corporation of the State of Washington pursuant to the provisions of Chapter 300, Laws of Washington 1981 codified as Chapter 39.84 RCW (the "Act") to act on behalf of the City to issue nonrecourse revenue bonds for the purpose of financing the costs of qualified industrial development facilities within the meaning of the Act, and

WHEREAS, the Public Corporation, by Resolution No. 7 (the "Bond Resolution") adopted on December 7, 1982, has authorized the issuance and sale of a certain issue, amount to \$1,000,000, of its Industrial Development Revenue Bond (EMF Corporation Project) to be initially issued as a single fully registered Bond No. R-1 (the "Bond") and by the Bond Resolution has authorized and approved a Loan Agreement dated as of December 1, 1982, with EMF Corporation (the "Company"), and

WHEREAS, the Act requires that the governing body of the creating municipality approve the resolution of the Public Corporation authorizing the issuance of bonds approved by the Public Corporation, and

WHEREAS, the City Council has reviewed the Bond Resolution and intends, by adoption of this resolution, to approve the same and its agreement to issue the Bond upon the

terms set forth therein and in various agreements approved therein in accordance with the Act, now, therefore

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

Section 1. The issuance of the Bond and the Bond Resolution and the agreements and documents necessary to issue the Bond therein expressed and approved, in the amount and for the purpose therein described and referred to in the preamble of this resolution, are hereby approved in accordance with RCW 39.84.100. A copy of the Bond Resolution is attached hereto and incorporated herein.

Section 2. Resolution No. 6 of the Redmond Public Corporation amending Redmond Public Corporation Resolution No. 3 is hereby approved.

Section 3. This resolution shall take effect immediately from and after its adoption and approval as required by law.

RESOLVED this 7th day of December, 1982.

CITY OF REDMOND


MAYOR, CHRISTINE T. HIMES

ATTEST/AUTHENTICATED:


CITY CLERK, PAUL F. KUSAKABE

FILED WITH THE CITY CLERK:

December 6, 1982

RESOLUTION _____

OF

THE REDMOND PUBLIC CORPORATION

RESOLUTION AUTHORIZING THE MAKING OF A LOAN TO EMF CORPORATION FOR THE PURPOSE OF FINANCING THE ACQUISITION OF LAND AND CONSTRUCTION THEREON CONSTITUTING AN INDUSTRIAL DEVELOPMENT FACILITY BY EMF CORPORATION PURSUANT TO CHAPTER 300, LAWS OF WASHINGTON, 1981; AUTHORIZING THE ISSUANCE OF THE ISSUER'S \$1,000,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BOND (EMF CORPORATION PROJECT), TO FUND SAID LOAN TO EMF CORPORATION; PRESCRIBING THE FORM OF LOAN AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF A BOND PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF ASSIGNMENT OF LOAN AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF DEPOSITORY AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

RESOLUTION

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and is only for convenience of reference)

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RESOLUTION AUTHORIZING THE MAKING OF A LOAN TO EMF CORPORATION FOR THE PURPOSE OF FINANCING THE ACQUISITION OF LAND AND CONSTRUCTION THEREON CONSTITUTING AN INDUSTRIAL DEVELOPMENT FACILITY BY EMF CORPORATION PURSUANT TO CHAPTER 300, LAWS OF WASHINGTON, 1981; AUTHORIZING THE ISSUANCE OF THE ISSUER'S \$1,000,000 PRINCIPAL AMOUNT INDUSTRIAL DEVELOPMENT REVENUE BOND (EMF CORPORATION PROJECT), TO FUND SAID LOAN TO EMF CORPORATION; PRESCRIBING THE FORM OF LOAN AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF A BOND PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF ASSIGNMENT OF LOAN AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF DEPOSITORY AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the Redmond Public Corporation (the "Issuer"), is authorized by Chapter 300, Laws of Washington, 1981 (Reg. Sess.) (the "Act"), to issue nonrecourse revenue bonds for the purpose of providing funds to make secured loans to finance or refinance the acquisition, construction, improvement or equipping of an "industrial development facility" as defined in the Act; and

WHEREAS, any bonds issued to provide funds for the making of such loan or loans shall be payable solely from the revenues received by the Issuer from the repayment of such loans and from the proceeds of the security for repayment of such loans, and such bonds shall never be construed to constitute an indebtedness of the State or of the City of Redmond (the "City") or any other political subdivision, municipal corporation or quasi municipal corporation within the meaning of any constitutional or statutory provisions whatsoever; and

WHEREAS, the Issuer has by Resolution 3 adopted on July 13, 1982, as amended by Resolution ___, adopted on ___ authorized the undertaking of an industrial development facility consisting of the acquisition of land and the construction and installation of capital improvements to be used by EMF Corporation (the "Company") in its facilities for its manufacturing facility (the "Project"); and

WHEREAS, the Company has requested the Issuer to issue and sell its Industrial Development Revenue Bond (EMF Corporation Project) in the aggregate principal amount of \$1,000,000 (the "Bond"), for the purpose of making a loan to the Corporation to finance all or a portion of the cost of the Project; and

WHEREAS, the Issuer and the Company have agreed to enter into a Loan Agreement (the "Agreement") dated as of December 1, 1982, pursuant to which the Issuer will lend to the Company, the proceeds of the Bond under the terms and conditions stated therein; and

WHEREAS, the Issuer, contemporaneously with the execution and delivery of the Agreement, will enter into a Bond Purchase Contract (the "Bond Purchase Contract") with the National Bank of Alaska, Anchorage, Alaska (the "Payee"), whereby the Issuer will sell and the Payee will purchase the Bond; and

WHEREAS, the Issuer, contemporaneously with the issuance, execution and delivery of the Bond, will assign and pledge certain of its rights in the Loan Agreement to the Payee, as security for payment of the indebtedness evidenced by the Bond;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDMOND PUBLIC CORPORATION, AS FOLLOWS:

ARTICLE I

Definitions

Section 1.01. Definitions. Certain terms used in this Resolution are hereinafter defined in this Section 1.01. When used herein, such terms shall have the meanings given to them by the language employed in this Article I defining such terms, unless the context clearly indicates otherwise:

"Acquisition and Construction Fund" means the Acquisition and Construction Fund created in Section 4.03 of this Resolution.

"Act" means Chapter 300, Washington Laws of 1981 (Reg. Sess.), codified as Chapter 39.84 RCW, as the same may hereafter be supplemented and amended from time to time.

"Administration Expenses" means the reasonable and necessary fees and expenses incurred by the Issuer pursuant to the Loan Agreement and this Resolution.

"Assignment" means the "Assignment of Loan Agreement, dated as of December 1, 1982 pursuant to which the Issuer assigns its right, title and interest in the Loan Agreement and Bond and its right to receive the Letter of Credit to the Payee.

"Authorized Company Representative" means such person at the time and from time to time designated by written certificate furnished to the Issuer containing the specimen signature of such

person and signed on behalf of the Company by the President or any Vice President of the Company to act on behalf of the Company.

"Authorized Issuer Representative" means the person at the time designated to act on behalf of the Issuer by written certificate furnished to the Company, the Depository and the Payee containing the specimen signature of such person and signed on behalf of the Issuer by the Chairman of the Board of Directors of the Issuer. Such certificate may designate an alternate or alternates.

"Bond Purchase Contract" means the Bond Purchase Contract by and among the Issuer, the Payee, and the Company, which provides for the purchase by the Payee of the Bond.

"City" means the City of Redmond, a duly organized and existing municipal corporation of the State of Washington.

"Code" means the Internal Revenue Code of 1954, as amended, together with corresponding and applicable regulations promulgated or proposed and revenue rulings issued with respect thereto by the Department of Treasury and Internal Revenue Service of the United States.

"Company" means the EMF Corporation and includes its successors and assigns as permitted under the Loan Agreement and this Resolution.

"Completion Date" means the date of substantial completion of the Project as that date shall be certified as provided in Section 9 of the Bond.

"Construction Period" means the period between the beginning of construction of the Project and the Completion Date.

"Cost of the Project" means and includes the following items of cost and expense:

- (i) the cost of preparing the plans and specifications for the Project (including any preliminary study thereof),

- (ii) all costs of acquiring, constructing and installing the Project (including architectural, engineering and supervisory services with respect thereto and development fees and expenses),

- (iii) all fees, taxes, charges and other expenses for recording or filing the Loan Agreement, the Assignment and the Bond,

(iv) all legal, accounting, financial, advisory, investment banking, legal investment, initial Letter of Credit fees and any other fees, discounts, costs and expenses incurred in connection with the preparation, printing, reproduction, authorization, issuance, execution, sale of the Bond, the Loan Agreement and any other documents in connection herewith and with any other transaction contemplated by the Loan Agreement or the Bond,

(vi) interest coming due on the Bond prior to the Completion Date,

(vii) reimbursement to the Company for any of the above-enumerated items of cost or expense paid by it; and

(viii) for payment of any other costs authorized under the Act.

"Credit Bank" means Seattle-First National Bank, Seattle, Washington, or its successors and assigns.

"Depository" means Seattle-First National Bank, Seattle, Washington, as depository of the Acquisition and Construction Fund established and created pursuant to Article IV of this Resolution.

"Depository Agreement" means the Depository Agreement dated as of December 1, 1982 by and among the Issuer, the Company and the Depository.

"Events of Default" means those defaults specified in Section 10 of the Bond and Section 7.01 of the Loan Agreement.

"Issuer" means the Redmond Public Corporation and any successor body to the duties or functions of the Issuer.

"Loan" means the loan provided in the Loan Agreement from the Issuer to the Company of the proceeds of sale of the Bond.

"Loan Agreement" means the Loan Agreement dated as of December 1, 1982 between the Issuer and the Company as from time to time supplemented and amended.

"Loan repayments" means those payments required to be made by the Company pursuant to Sections 3.01, 3.02 and 3.03 of the Loan Agreement.

"Official Action Resolution" means Resolution No. 3 and Resolution No. ____ of the Issuer adopted on July 13, 1982, and _____, respectively, pursuant to which the Issuer agreed to issue revenue bonds for the purpose of financing the Company's Project.

"Permitted Investments" means (i) means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, (ii) direct obligations of or obligations guaranteed by any State of the United States of America or the District of Columbia, or obligations of the Federal Financing Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Intermediate Credit Bank, Banks for Cooperatives, Tennessee Valley Authority and Federal Home Loan Banks, (iii) commercial paper (other than commercial paper issued by the Company or any affiliated corporation) rated in any of the three highest rating categories by a nationally recognized rating agency, (iv) corporate Bonds (other than Bond issued by the Company or any affiliated corporation) rated in any of the three highest rating categories by a nationally recognized Bond rating agency (v) repurchase agreements with solvent banking or financial institutions (including the Payee and Depository) with respect to any of the foregoing obligations or securities (vi) deposits with or Certificates of Deposit in banks (including the Payee and Depository) or savings and loan associations.

"Prime Rate" means the rate as announced by the National Bank of Alaska, Anchorage, Alaska, from time to time at its principal office as its "prime rate"; any change in the interest rate resulting from a change in the Prime Rate shall be effective on the effective date of each change in the "Prime Rate" announced by the National Bank of Alaska, at its principal office in Anchorage, Alaska.

"Project" means the acquisition of land, facilities and personalty, including but not limited to, related structures, fixtures, equipment and personal property acquired, constructed and/or installed by the Company with the proceeds from the sale of the Bond. The Project is generally described in Exhibit A, attached hereto.

"State" means the State of Washington.

"Trustee" means the Payee (or such other person or corporation so designated) when acting as Trustee, paying agent and Bond registrar pursuant to Article IX of this Resolution.

Section 1.02. Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words imparting the singular number shall include the plural numbers and vice versa unless the context shall otherwise indicate. Reference to Articles, Sections and other subdivisions of this Resolution are to the Articles, Sections and other subdivisions of this Resolution, as originally adopted unless expressly stated to the contrary. The headings of

this Resolution are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

Finding of the Issuer

Section 2.01. Issuer Purposes and Public Interest. The Issuer finds and determines that it will be in the public interest and in the furtherance of the purposes of the Act and the Issuer for the Issuer (i) to lend the Company \$1,000,000 for the purpose of financing the Project; (ii) in order to fund such loan to issue and sell its \$1,000,000 Industrial Development Revenue Bond (EMF Corporation Project) under the terms and conditions set forth in this Resolution and (iii) to enter into the Loan Agreement to evidence the Company's obligation to repay the Loan and (iv) to assign and pledge the Issuer's interest in the Loan Agreement (other than with respect to costs and indemnification under Sections 3.06, 6.01 and 7.08, which will not be assigned and pledged), and the Issuer's right to receive the Letter of Credit.

ARTICLE III

Authorization, Terms, Execution and Issuance of Bond

Section 3.01. Authorized Amount of Bond. No Bonds may be issued under this Resolution except in accordance with this Article. The total principal amount of the Bond to be issued hereunder is hereby expressly limited to \$1,000,000.

Section 3.02. All Bonds Equally and Ratably Secured; Bond Not a General Obligation of Issuer. The Bond shall be payable solely out of the revenues and other security assigned and pledged hereby and shall not constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer (other than a liability for payment from the revenues and security assigned and pledged hereby) or a charge against its general credit.

Section 3.03. Authorization of Bond.

A. Pursuant to the Act, there is hereby authorized to be issued hereunder and secured as provided herein an issue of Bonds designated as the "Redmond Public Corporation Industrial Development Revenue Bond, (EMF Corporation Project)." The Bond shall be issued in fully registered form, shall be numbered R-1, shall be in the denomination of \$1,000,000, shall be dated as of the date of its execution and delivery to the original purchaser and

shall be in substantially the form presented to the Board of Directors at this meeting. Each such payment of the principal and interest on the Bond shall be made by the Company on behalf of the Issuer as provided in the Loan Agreement to the Payee or, if a Trustee is appointed hereunder, to the Trustee. Each payment on the Bond shall be evidenced by a notation on the grid printed on the Bond.

B. In the event that the interest on the Bond shall become taxable for federal income tax purposes, other than by reason of its being held by a "substantial user" or "related person" as defined in Section 103 of the Code, the interest rate borne by the Bond shall be automatically adjusted to the rate set forth in the form of Bond.

Section 3.04. Execution of Bond; Signatures. The Bond shall be executed on behalf of the Issuer by its Chairman and attested by its Secretary, and its corporate seal shall be thereunto affixed.

Section 3.05. Registration and Exchange of Bond; Persons Treated as Owners.

A. ^{RPC} The Issuer shall cause books for the registration and for the transfer of the Bond as provided in this Resolution to be kept by it or a Trustee who may hereafter be appointed the Bond registrar of the Issuer for the Bond. The Bond may thereafter be transferred only upon an assignment duly executed by the registered owner or his attorney duly authorized in writing in such form as shall be satisfactory to the Issuer or the Trustee, such transfer to be made on such books and endorsed on such Bond by the Issuer or the Trustee. The principal of and interest on the Bond shall be payable only to or upon the order of the registered or his legal representative. Upon surrender for transfer of the Bond at the principal office of the Issuer or the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing and upon satisfaction of the requirements of subsection B of this Section 3.05, the Issuer shall execute and deliver in the name of the transferee or transferees a new Bond for a like aggregate principal amount.

As to the Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal or interest on the Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Issuer or the Trustee shall require the payment by any Bondholder requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer.

B. The Bond may be transferred only as a whole, and only with the consent of the Issuer to such transfer, provided that such consent shall not be required for any transfer to any subsidiary of the Bondholder, any transfer arising out of any merger or consolidation of the Bondholder or by operation of law, any transfer to a trustee in bankruptcy of the Bondholder, or any transfer in connection with a sale to any institutional investor, provided that such institutional investor shall execute and deliver to the Issuer a written agreement to be bound by the restrictions on transfer set forth in this Section 3.05 B, and the Bondholder who wishes to transfer the Bond shall furnish to the Issuer and the Company an opinion of counsel satisfactory to the Issuer and the Company that such proposed transfer will not constitute or contribute to a violation of the registration requirements of the Securities Act of 1933, as amended, or any applicable state securities or blue sky laws.

Section 3.06. Lost, Stolen Destroyed, or Mutilated Bond. In the case of a lost, stolen, or destroyed Bond or upon surrender and cancellation of the Bond if mutilated (i) the Issuer shall execute and deliver a new Bond of the same series, date and maturity as the lost, stolen, destroyed or mutilated Bond or (ii) if such lost, stolen, destroyed, or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering the new Bond as aforesaid, the Issuer may pay such Bond. The applicant for any such new Bond may be required to pay all expenses and charges of the Issuer and of the Trustee, if any, and furnish indemnity in connection with the issuance of such new Bond.

Section 3.07. Delivery of the Bond; Pledge of Loan Repayments of the Issuer From the Loan. The Issuer shall execute and deliver the Bond to the Payee and deposit the proceeds of sale thereof with the Depository upon receipt by the Issuer of the following documents:

(a) an executed copy or counterpart of the Loan Agreement and all instruments, documents and certificates required to be delivered pursuant to the terms thereof;

(b) an executed copy or counterpart of the Bond Purchase Contract and all instruments, documents, certificates and opinions required to be delivered pursuant to the terms thereof.

(c) a certificate signed by the Payee setting forth the then current Prime Rate in effect at the National Bank of Alaska, Anchorage, Alaska;

(d) an executed copy or counterpart of the Depository Agreement; and

Upon the execution and delivery of the Bond, the Issuer shall pledge the Loan repayments and the other receipts and revenues derived pursuant to the Loan Agreement by assigning and pledging to the Payee (i) the Issuer's interest in the Loan Agreement (except for the Issuer's rights under Sections 3.06, 6.01 and 7.08 thereof which will not be assigned and pledged), and (ii) its right to receive the Letter of Credit as security for repayment of the Bond.

ARTICLE IV

Disposition of Proceeds of the Bond; Acquisition and Construction Fund

Section 4.01. Source of Payment of Bond. The Bond and all payments by the Issuer thereunder are not general obligations of the Issuer but are the limited, special obligations of the Issuer payable solely from the Loan repayments and other revenues and receipts derived under the Loan Agreement and money drawn under the Letter of Credit.

Section 4.02. Disposition of Proceeds from the Sale of the Bond. The proceeds received by the Issuer from the sale of the Bond to Payee shall be deposited in the Acquisition and Construction Fund established in Section 4.03 hereof.

Section 4.03. Acquisition and Construction Fund; Disbursements. There is hereby created and established with Seattle-First National Bank acting as depository (the "Depository"), a depository fund designated as the "Acquisition and Construction Fund." There shall be retained in the Acquisition and Construction Fund interest and other income received on investments of Acquisition and Construction Fund money. Such proceeds shall be expended to pay the Cost of the Project in accordance with the provisions of Sections 1.05 and 4.01 of the Loan Agreement. The Depository is hereby authorized and directed to issue its checks on the Acquisition and Construction Fund for each payment in accordance with Section 4 of the Depository Agreement.

Until the Project shall have been constructed, acquired and installed and a certificate of completion of the Project filed as provided in Section 9 of the Bond, the Depository shall from time to time on the written request of the Company file with the

Company a statement of income and disbursements with respect to the Acquisition and Construction Fund.

Section 4.04. Construction of the Project. ~~The completion of the acquisition and construction of the Project and payment of all the Cost of the Project shall be evidenced by the filing with the Depository of the certificate required by Section 9 of the Bond.~~ As soon as practicable and in any event not more than sixty (60) days from the date of the certificate of completion or with respect to amounts retained in the Acquisition and Construction Fund, not more than sixty (60) days of final settlement of all claims, any balance remaining in the Acquisition and Construction Fund shall be applied against the principal due on the Bond. Notwithstanding any other provisions of this Resolution or of the Loan Agreement, any money to be applied against the principal on the Bond pursuant to the preceding sentence shall not be invested at a yield in excess of the yield on the Bond as determined in accordance with Section 103(c) of the Code and the regulations promulgated thereunder.

Section 4.05. Repayment to the Company From the Acquisition and Construction Fund. Any amounts remaining in the Acquisition and Construction Fund or otherwise held by the Depository pursuant to the terms hereof or the Depository Agreement after payment in full of the Bond (or after making provision for such payment), the fees and expenses of the Depository and the Trustee, the administration expenses, and all other amounts required to be paid hereunder and under the Loan Agreement shall be paid to the Company upon the expiration or sooner termination of the Loan Agreement; provided, however, that if the Letter of Credit has been drawn upon, such amounts shall be paid to the Credit Bank.

Section 4.06. Maintenance of Books and Records. The Depository shall keep and maintain adequate records pertaining to the Acquisition and Construction Fund established hereunder and all payments therefrom which shall be open to inspection by the Issuer or the Company or their duly authorized agents during normal business hours of the Depository.

ARTICLE V

Covenants of the Issuer

Section 5.01. Performance of Covenants; Authority. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution, in any and every Bond and in all proceedings of the Issuer pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the

Act, to issue the Bond and to adopt this Resolution, to pledge and assign the Loan repayments and other revenues and receipts hereby pledged, and to assign its rights under and pursuant to the Loan Agreement and the right to receive the Letter of Credit in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bond and the adoption of this Resolution has been duly and effectively taken and will be duly taken as provided herein, and that the Bond in the hands of the holders thereof is and will be a valid and enforceable obligation of the Issuer according to the import thereof.

Section 5.02. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered, such resolutions supplemental hereto and such further acts, instruments, and transfers for the better conveying, assuring, transferring, assigning, pledging, and hypothecating unto the Payee, all and singular the right, title and interest of the Issuer in the Loan Agreement, the Letter of Credit, the Loan repayments, and any other revenues and receipts pledged hereby to the payment of the principal of and interest on the Bond in the manner and to the extent contemplated herein.

Section 5.03. Payment of Principal and Interest. The Issuer will promptly pay or cause to be paid the principal of and interest on the Bond according to the terms hereof. The principal and interest payments are payable solely from Loan repayments and other receipts and revenues derived under the Loan Agreement, and from the other security pledged hereby, including the Letter of Credit, which Loan repayments and other receipts and revenues and security are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bond, or in this Resolution shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby.

Section 5.04. Supplemental Resolutions; Recordation of Resolution and Supplemental Resolutions. The Issuer will execute and deliver all resolutions, supplemental hereto, and will cause this Resolution, the Loan Agreement and all supplements hereto and thereto, as well as all security instruments, financing statements, and all supplements thereto, and other instruments as may be required at all times to be recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Bondholder and all rights of the Payee hereunder.

Section 5.05. Lien of Resolution. The Issuer hereby agrees not to create or suffer to be created any lien having priority or preference over the lien of this Resolution upon the funds or assets pledged hereby or any part thereof, other than the security

interest granted by it to the Payee, except as otherwise specifically provided herein. The Issuer agrees that no obligations the payment of which are secured by Loan repayments or other money or amounts derived from the Loan Agreement and the other sources provided herein will be issued by it except in accordance with this Resolution.

Section 5.06. Rights Under the Loan Agreement. The Issuer will observe all of the obligations, terms, and conditions required on its part to be observed or performed under the Loan Agreement. The Issuer agrees that whenever in the Loan Agreement it is stated that the Issuer will notify the Payee or give the Payee some right or privilege, or in any way attempt to confer upon the Payee the ability for the Payee to protect the security for payment of the Bond, that such part of the Loan Agreement shall be as though it were set out in this Resolution in full.

The Resolution and the rights and privileges of the Payee hereunder are specifically made subject to the rights and privileges of the Company under the Loan Agreement and nothing herein shall be construed to impair the rights and privileges granted to the Company under the Loan Agreement, except as otherwise provided in the Loan Agreement or this Resolution.

The Issuer agrees that the Payee as assignee of the Loan Agreement may enforce, in its name or in the name of the Issuer, all rights of the Issuer and all obligations of the Company under and pursuant to the Loan Agreement for and on behalf of the holder of the Bond, whether or not the Issuer is in default hereunder.

ARTICLE VI

Redemption of Bond Prior to Maturity

Section 6.01. Redemption of the Bond. The Bond is redeemable by the Issuer, at the direction of the Company or, in certain circumstances set forth in the Bond, at the direction of the Payee, exercised in the manner set forth in the Bond. In addition the Company may be required to prepay the Bond prior to its stated maturity under certain conditions set forth in full in the Bond.

ARTICLE VII

Investments

Section 7.01. Investment of Acquisition and Construction Fund. Any money held as part of the Acquisition and Construction Fund shall be invested or reinvested by the Depository at the

written request and direction of the Authorized Company Representative (upon which the Depository is entitled to rely) in Permitted Investments. All investments shall either be subject to redemption at any time at a fixed value at the option of the holder thereof or shall mature not later than the business day prior to the date on which the proceeds are expected to be expended. For the purposes of any investment or reinvestment under this Section, investments shall be deemed to mature at the earliest date on which the obligor (or purchaser, in the case of a repurchase agreement) is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligation.

Section 7.02. Sale of Investments. The Depository shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in the Acquisition and Construction Fund is insufficient for the purposes of such fund.

Section 7.03. Depository Duty to Invest. The Depository shall, in its discretion, invest money in the Acquisition and Construction Fund in Permitted Investments as permitted under Section 7.01 hereof, unless the Company shall, by written instruction of the Authorized Company Representative, direct the investment of the Depository of such money in specific Permitted Investments.

ARTICLE VIII

Default Provisions and Remedies of Bondholders

Section 8.01. Events of Default and Remedies. The events of default specified in the Bond and the Loan Agreement and the remedies specified therefor are hereby incorporated within this Resolution and approved.

ARTICLE IX

Conditions for Delivery of Bond; Conditions as to Subsequent Sale of Bond

Section 9.01. Stipulations and Agreements. Notwithstanding anything to the contrary herein contained, the Bond shall not be delivered to the Payee unless and until the Payee waives any "due diligence" requirement on the part of the Board of Directors of the Issuer and the Payee agrees to rely solely on statements and representations of the Company and its own investigation of the facts and circumstances relating to the purchase of the Bond.

Section 9.02. Appointment of Trustee. Prior to any sale, conveyance or transfer of all or any portion of the Bond to any

subsequent holder the Issuer shall adopt a supplemental resolution appointing the Payee (or other such person or corporation to be appointed if the Payee is not so appointed) as trustee, paying agent and Bond registrar for the holder or holders of the Bond and prescribing the rights, duties and obligations of said trustee, registrar and paying agent. Any entity acting as trustee hereunder shall not be liable for actions taken by it hereunder in good faith, absent its own negligence or willful misconduct.

Section 9.03. Separate Trustee. At any time, for the purpose of exercising any remedies granted in this Resolution or the Loan Agreement, the Issuer and the Payee shall have power to appoint an additional institution or individual as trustee, and upon the request of the Payee, the Issuer shall for such purpose join with the Payee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint such institution or individual to act as trustee, and to vest in such person or institution, in such capacity, such rights, powers, duties, trusts or obligations as the Issuer and the Payee may consider necessary or desirable.

If the Issuer shall not have made such appointment within fifteen (15) days after the receipt by it of a request so to do, or in case an event of default shall have occurred and be continuing, the Payee alone shall have the power to make such appointment.

ARTICLE X

Supplemental Resolutions

Section 10.01. Resolution to Constitute Contract. Subject to the rights of the Company under Sections 10.02 and 10.03(b) hereof this Resolution shall constitute a contract between the Issuer and the holder of the Bond and shall not be modified, amended or rescinded so long as any portion of the Bond remains outstanding, except as otherwise provided herein.

Section 10.02. Supplemental Resolutions Not Requiring Consent of Bondholder. The Issuer may with the consent of the Company, but without the consent of, or notice to, the Bondholder, adopt a resolution or resolutions supplemental to this Resolution as shall not be inconsistent with the terms and provisions hereof or be materially adverse to the holder of the Bond for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Resolution; or

(b) to grant to or confer upon the Bondholder any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholder; or

(c) for the purposes specified in Article IX hereof.

Section 10.03. Supplemental Resolutions Requiring Consent of Bondholder and Company.

(a) The holder of the Bond shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Issuer of such resolution or resolutions supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any supplemental resolution; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (i) an extension of the stated maturity or reduction in the principal amount of, reduction in the rate, or extension of the time of payment of interest on, without the consent of the holder of the Bond, or (ii) the creation of any interest prior to or on a parity with the interest of the holder of the Bond, or (iii) a reduction in the aggregate principal amount of any Bond without the consent of the holder of the Bond.

(b) The Issuer shall cause notice of the proposed adoption of any such supplemental resolution to be mailed by certified or registered mail to the Bondholder and, in the case of a proposed supplemental resolution which would affect the rights of the Company (no such supplemental resolution being effective without the Company's having consented or being deemed to have consented thereto), to the Company at least fifteen (15) days prior to the proposed date of adoption of any supplemental resolution. The Company and any Bondholder shall be deemed to have consented to the adoption of any such supplemental resolution if the Issuer does not receive a letter of protest or objection thereto signed by or on behalf of the Company or the Bondholder on or before the fifteenth (15th) day after the mailing of said notice and a copy of the proposed supplemental resolution.

ARTICLE XI

Amendments to the Loan Agreement

Section 11.01. Amendments Not Requiring Consent of Bondholder. The Issuer and/or the Trustee, if any, may without the

consent of or notice to the Bondholder consent to any amendment, change or modification of the Loan Agreement, as may be required (i) by the provisions of the Loan Agreement and this Resolution, (ii) for the purpose of curing any ambiguity or formal defect or omission, or (iii) in connection with any other change therein which, in the judgment of the Issuer, is not materially adverse to the holder of the Bond. Notwithstanding the foregoing, to the extent not adverse to the interest of the holder of the Bond, the Issuer may, without the consent of, but with prior notice to the Company and the holder of the Bond, amend, modify or supplement this Resolution to preserve the right of the Issuer to continue to issue Bonds, debts or other obligations of any nature the interest income of which is exempt from federal or state income tax or to qualify this Resolution under the "Blue Sky" laws of any state and such similar laws of the United States, if such be hereafter required in the opinion of Counsel to the Issuer.

Section 11.02. Amendments Requiring Consent of Bondholder. Except for the amendments, changes or modifications as provided in Section 11.01 hereof, the Issuer or the Trustee, if any, shall not consent to any other amendment, change or modification of the Agreement without notice to and the consent of the holder of the Bond at the time outstanding given and procured in the same fashion as in Section 10.03 of this Resolution providing for supplemental resolutions.

ARTICLE XII

Approval and Execution of Documents; Effectiveness of Resolution

Section 12.01. Approval. The Bond Purchase Contract and the following documents (collectively the "Documents") (attached hereto as the exhibits indicated in parentheses following the respective document below) are hereby in all respects authorized, approved and confirmed:

- (a) the Loan Agreement (Exhibit A);
- (b) the Assignment of Loan Agreement (Exhibit B);
- (c) the Depository Agreement (Exhibit C);
- (d) the Bond (Exhibit D); and
- (e) the Letter of Credit (Exhibit E).

The Documents shall be in substantially the form as shown on the respective exhibits listed immediately above or presented to this meeting with such necessary and appropriate variations,

omissions and insertions as approved, permitted or required by the officer of the Issuer executing said Documents, provided that such changes shall be within the scope of the transactions authorized by the Act. Such execution shall be conclusive evidence of the due execution, on behalf of the Issuer, of such Documents, which shall thereupon become binding upon the Issuer in accordance with their terms as authorized by the Act.

Section 12.02. Execution. The Chairman and Secretary of the Issuer are hereby authorized to execute and deliver for and on behalf of the Issuer the Bond and the Documents in the fashion and within the scope set forth in the preceding Section, as well as any additional certificates, documents or other papers to perform all other acts as they deem necessary or appropriate to implement and carry out the matters herein authorized.

Section 12.03. Effectiveness of Resolution. This Resolution shall be in full force and effect from and after (a) its adoption by the Board of Directors of the Issuer and (b) approval of the issuance of the Bond by the City Council of the City of Redmond, all as provided by law. All resolutions or orders, or parts thereof, which conflict with the provisions of this Resolution are hereby waived to the extent of such conflict.

ARTICLE XIII

Miscellaneous

Section 13.01. Consents and Other Instruments of Bondholder. Any consent, request, direction, approval, waiver, objection, appointment or other instrument required by this Resolution to be signed and executed by the Bondholder may be signed and executed in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholder in person or by agent appointed in writing. Proof of the execution of any such instrument, if made in the following manner, shall be sufficient for any of the purposes of this Resolution, and shall be conclusive in favor of the Issuer with regard to any action taken under such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such instrument acknowledged to him the execution thereof. When such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership,

such affidavit or certificate shall also constitute sufficient proof of his authority.

(b) Any request, consent or vote of the holder of the Bond shall bind every future holder of the same Bond and the holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or permitted to be done by the Issuer in pursuance of such request, consent or vote.

Section 13.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Resolution or the Bond is intended or shall be construed to give to any person other than the parties hereto, the Company and the holder of the Bond any legal or equitable right, remedy or claim under or in respect to this Resolution or any covenants, conditions and provisions hereof.

Section 13.03. Severability. If any provision of this Resolution shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or sections in this Resolution contained, shall not affect the remaining portions of this Resolution, or any part thereof.

Section 13.04. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, return receipt requested, postage prepaid, and addressed as provided in the Loan Agreement.

ADOPTED AND APPROVED at a _____ meeting of the Board of Directors held this _____ day of December, 1982.

REDMOND PUBLIC CORPORATION

By _____
Chairman, Board of Directors

Attest:

John Wallace, Secretary

LOAN AGREEMENT

Between

Redmond Public Corporation

a public corporation
of the City of Redmond

and

EMF Corporation
a Washington Corporation

Dated as of December 1, 1982

(Providing for an Industrial Development Facility Situated
within the boundaries of the City of Redmond, Washington)

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LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Loan Agreement"), dated as of December 1, 1982, by and between the REDMOND PUBLIC CORPORATION (the "Issuer"), and EMF CORPORATION, a Washington corporation (sometimes herein referred to as the "Company");

W I T N E S S E T H :

WHEREAS, pursuant to the Constitution and laws of the State of Washington, the Issuer has been created as a public corporation by the City of Redmond (the "City"), pursuant to Chapter 300, Laws of Washington 1981 (Reg. Sess.), codified as Chapter 39.84 RCW (the "Act"); and

WHEREAS, the Issuer is authorized by the Act to issue its nonrecourse revenue obligations for the purpose of defraying the cost of acquiring, constructing and installing industrial development facilities within the territorial limits of the Issuer that are in the public interest of the Issuer and to enter into agreements to lend the proceeds of its nonrecourse revenue obligations to others for the purpose of defraying the cost of acquiring, constructing or installing such facilities and to secure the payment of such obligations; and

WHEREAS, pursuant to and in accordance with the applicable provisions of the Constitution and laws of the State of Washington and in furtherance of the public purposes for which it was created, the Issuer has agreed to finance the acquisition of land and, construction and installation of improvements to its manufacturing and related facilities (the "Project") all of which are located within the boundaries of the Redmond Public Corporation and the City of Redmond; and

WHEREAS, the Issuer has been advised by the Company that the amount necessary (in addition to a Company contribution) to finance a portion of the land acquisition, construction and equipping of the Project including expenses incidental thereto, is in excess of \$1,000,000; and

WHEREAS, the Issuer adopted Resolution 3 on July 13, 1982 (which Resolution has been amended on _____ to conform legal discription of the Project land whereby the Issuer agreed under certain conditions to issue its non recourse revenue obligations and to lend the proceeds thereof to the Company for the purpose of acquisition of land and the construction and installation of the Project; and

WHEREAS, the Issuer has determined to finance the cost of the Project through the issuance of a \$1,000,000 Industrial Develop-

ment Revenue Bond (EMF Corporation Project) (referred to herein as the "Bond"); and

WHEREAS, the Issuer and the Company desire to enter into this Loan Agreement to specify the terms and conditions upon the basis of which the Bond shall be issued and the proceeds thereof lent to the Company pursuant to the Act;

NOW, THEREFORE, the Issuer and the Company, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS, REPRESENTATIONS AND FINDINGS

Section 1.01. Definitions. All capitalized terms used herein shall have the same meanings as in the Industrial Development Revenue Bond dated as of BONDATE, 1982 (the "Bond"), from the Redmond Public Corporation, as Issuer, to the National Bank of Alaska, Anchorage, Alaska, as Payee, (the "Payee"), and Section 7 of the Bond is hereby incorporated by reference herein.

Section 1.02. Express Warranties of the Issuer, Exclusion of Other Warranties.

(a) The Issuer makes the following representations and warranties as the basis for the undertakings on the part of the Company herein contained:

- (1) By resolutions duly adopted on July 13, 1982 and amended on _____ (the "Official Action Resolution"), the Issuer took affirmative official action providing for the financing of the Project through the issuance of revenue bonds which are now to be issued as a single Industrial Development Revenue Bond (the "Bond");
- (2) The Bond will be a limited obligation of the Redmond Public Corporation and notwithstanding anything herein to the contrary, any obligation of the Redmond Public Corporation may hereby incur for the payment of money shall not be deemed to constitute a debt or a general obligation or pecuniary liability of the Redmond Public Corporation but shall be payable solely from the money derived by the Redmond Public Corporation from the Project and particularly pursuant to this Loan Agreement.

(b) The Issuer makes no other warranties, either express or implied, as to the Project or the financing thereof of any nature or kind, except as expressly set forth in Section 1.04 hereof.

Section 1.03. Representations, Warranties and Special Covenants of the Company.

The Company makes the following representations and warranties and enters into the following special covenants and agreements as the basis for the undertakings on the part of the Issuer herein contained:

(a) The Company is a Washington corporation duly organized and existing under the laws of the State of Washington, is in good standing and authorized to engage in business in the State of Washington, is not in violation of any provision of its Articles of Incorporation or Bylaws, has not received notice and has no reasonable grounds to believe that it is in violation of any laws in any manner material to its ability to perform its obligations under this Loan Agreement, and has the power to execute and deliver this Loan Agreement and to be bound by the Bond, and by proper corporate action has duly authorized the execution and delivery of this Loan Agreement and has approved the Bond;

(b) The making and performance of this Loan Agreement on the Company's part have been duly authorized by all necessary action and will not violate or conflict with the Articles of Incorporation or Bylaws, or conflict with any governmental rule or regulation to which the Company or its property is subject and not conflict with or result in an event of default under any other agreement, instrument or other document by which the Company or its properties are bound;

(c) The construction of the Project will serve to promote commercial and industrial development and the expansion of employment and employment opportunities within the City of Redmond.

(d) The Company has investigated and is satisfied that there are no environmental, zoning or other ordinances, restrictions or agreements of record prohibiting the construction, alteration or use of the Project as contemplated by the Company;

(e) No event has occurred and no condition exists which, upon the execution of this Loan Agreement, would constitute a default under the Bond. With reference to the Project, the Company is not in violation in any material respect of any term of any agreement, charter instrument, or other instrument to which it is a party or by which it may be bound;

(f) The Company intends to operate the Project as an "industrial development facility" as defined in and permitted under the

Act from its completion to the expiration or sooner termination of this Loan Agreement as provided herein;

(g) Financial and Company information relating to the Company as requested by and presented to the Payee, does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading as of the date hereof; and

(h) The Company has the business experience, financial resources and responsibility to provide reasonable assurances that the Bond and all obligations thereon will be paid as they become due.

Section 1.04. Perfection of Tax Exemption.

The Issuer covenants and agrees that it will not take any action with respect to the Bond or the Project which, under the Code, would adversely affect the tax-exempt status of the Bond under Section 103(b)(6) of the Code on and as of the date of its issuance or subsequently.

Section 1.05. Special Tax Covenants of Company. The Company acknowledges that the Bond is being issued by the Issuer and will be purchased by the Payee upon the basis of facts and information regarding the past, present and future business and affairs of the Company within the City of Redmond, Washington and elsewhere, which facts and information are essential to a determination by Bond Counsel that the interest on the Bond is exempt from federal income taxation on the date of issuance and subsequently will continue to be. The Company hereby further warrants, represents and covenants to and with the Issuer, to and for its benefit and for the benefit of the holder, from time to time, of the Bond, as follows:

(a) "Substantially all" (as defined in the Code) of the proceeds of the Bond, when lent to the Company pursuant to this Loan Agreement, will be used to defray the Cost of the Project consisting of property which is subject to the allowance for depreciation provided in Section 167 of the Code, and all of the proceeds of the Bond, when lent to the Company pursuant to this Loan Agreement, will be used for purposes permitted by the Act;

(b) The Project will be located wholly within the City of Redmond, Washington; the Company will be the only principal user of the Project within the meaning of Section 103(b)(6) of the Code unless the Company provides the Payee with an opinion of, nationally recognized bond counsel to the effect that the addition of one or more principal users ("Users") will not cause the interest on the Bond to become subject to federal income taxation; and,

except for the Bond, there will not be outstanding on the date of delivery thereof any obligations of any state, territory or possession of the United States, or any political subdivision of the foregoing or of the District of Columbia constituting "exempt small issues" within the meaning of the Code, the proceeds of which have been or are to be used primarily with respect to facilities located in the City of Redmond, Washington or in any contiguous political jurisdiction with respect to any contiguous or integrated facilities, and which are to be used principally by the Company or any other User (including any person related to any User within the meaning of Section 103(b)(6)(C) of the Code);

(c) Neither the Company nor any other User, either jointly or severally, nor any "related person" (as defined in the Code) has taken any action nor permitted any action to be taken, and will not take any action nor permit any action to be taken, which would result in the occurrence of a determination of taxability as described in Section 6 of the Bond;

(d) The proceeds of the sale of the Bond shall be devoted to and used with due diligence for the purpose of acquiring, constructing and installing the Project; and

(e) Money on deposit in any fund or account in connection with the Bond, whether or not such money was derived from other sources, will not be used by or under the direction of any User in a manner which will cause the Bond to be an "arbitrage bond" within the meaning of Section 103(c) of the Code, as the same exists on this date or may from time to time hereafter be amended, supplemented or revised, and the Company specifically agrees that the investment of money in any fund created in the Bond shall be restricted as may be necessary to prevent the Bond from being an "arbitrage bond" under the Code.

ARTICLE II

THE BOND, BOND PROCEEDS

Section 2.01. Issuance of Bond. Subject to the satisfaction of and compliance with all of the provisions, covenants and requirements of this Loan Agreement, in order to provide funds for the payment of the Cost of the Project, the Issuer, as soon as may be practicable after the execution of this Loan Agreement, will issue and deliver the Bond to the Payee.

The proceeds of the Bond and any earnings from any investments thereof will be deposited, held, invested and reinvested, used and expended solely for the purposes and subject to the requirements of the Bond and subject to the limitations contained therein and in this Loan Agreement.

Section 2.02. Bond Approval and Requirements. The Issuer and the Company agree that the final terms, provisions and requirements of the Bond are subject to the mutual approval of the Issuer and the Company, and the Issuer agrees that the Bond will not be executed until and unless approved by the Company. Additionally, the Company agrees that when the Bond is executed and by its terms imposes a duty or obligation upon the Company or any other User, such duty or obligation shall be binding upon the Company and any other User to the same extent as if the Company were an express party to the Bond.

ARTICLE III

THE LOAN, REPAYMENT, PREPAYMENTS, ASSIGNMENTS

Section 3.01. Loan by Issuer, Repayment.

(a) Concurrently with the issuance of the Bond, the Issuer agrees to lend to the Company the proceeds thereof for the purpose of paying the Cost of the Project. Concurrently with the authentication and delivery of the Bond, and against receipt of the proceeds of the Bond, the Company shall execute and deliver this Loan Agreement to evidence the Loan (as hereinafter defined) and the obligations of the Company to repay the Loan together with any applicable interest thereon.

(b) The Company hereby promises to pay to the Issuer, subject to rights of prepayment, acceleration and the payment of penalties as further described in this Loan Agreement, the principal sum of \$1,000,000 being the principal amount of the Bond and interest thereon at the rate of interest which is payable on the Bond from time to time as provided in the Bond (the "Loan"). Such payments of principal and interest shall be paid to the Payee at its offices at the address shown in Section 8.08 hereof in payments on the dates and times specified for each such payment by the Issuer as the Issuer of the Bond, it being the intention of the parties to this Loan Agreement that the Company shall assume all duties and obligations of the Issuer to the Payee under the Bond.

(c) Concurrently with or prior to the issuance and delivery of the Bond, the Company shall deliver the Letter of Credit to the Payee.

(d) The Company acknowledges and agrees that notwithstanding any provisions of this Loan Agreement, it is the intent hereof and the Company agrees that the payments to be made on this Loan Agreement will be in such amounts, and payable at such times, as will provide money sufficient to pay, all amounts required to pay the principal of and interest on the Bond when and as due and

payable, whether by stated due or maturity date, by optional or mandatory redemption or by acceleration under the Bond.

Section 3.02. Repayment and Redemption of Bond at Option of the Company. The Company shall have, and is hereby granted the right and option to prepay at any time its Loan in advance of its scheduled maturity in whole plus accrued interest to the date of prepayment by written notice delivered to the Payee at least thirty (30) business days prior to the date of prepayment.

Section 3.03. Mandatory Prepayment. The Company shall have the obligation to prepay the entire unpaid balance of the Loan immediately upon the receipt of notice of acceleration under Sections 4, 5(b), 6 or 11 of the Bond.

Section 3.04. Assignments to Payee. It is understood and agreed that all right, title and interest of the Issuer and in and to this Loan Agreement (excepting only certain rights of the Issuer to indemnification and for administration expenses under Section 3.06, 6.01 and 7.08), and the right to receive Letter of Credit are to be pledged and assigned by the Issuer under the Assignment to the Payee as security for the Bond. The Company consents to such pledge and assignment. The Issuer directs the Company, and the Company agrees, to pay or cause to be paid to the Payee at its principal office at the address designated on the Bond all payments made pursuant to this Loan Agreement without defense or set-off by reason of any dispute between the Company and the Issuer or the Payee.

Section 3.05. No Defense or Set-Off. The obligations of the Company to make payments on the Loan evidenced by this Loan Agreement shall be absolute and unconditional without defense or set-off by reason of any default by the suppliers under the construction contracts for the Project or by the Issuer under this Loan Agreement or under any other agreement between the Company and the Issuer or the Payee or for any other reason, including without limitation, failure to complete the Project, any acts or circumstances that may constitute a failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, or failure of the Issuer to perform and observe any agreement, whether expressed or implied, of any duty, liability or obligation arising out of or connected with this Loan Agreement, it being the intention of the parties that the payments required hereunder will be paid in full when due without any delay or diminution whatsoever.

Section 3.06. Payment of Issuer's Expenses. The Company will pay the following fees and expenses of the Issuer:

(a) A non-refundable application fee of _____ Dollars (\$_____) as payment and reimbursement for the costs and expenses of the Issuer in connection with the processing and review of the application of the Company;

(b) Bond counsel and Issuer Counsel fees incurred for the preparation of the Bond proceedings and delivery of an approving legal opinion to the Payee; and

(c) In addition, the Borrower shall pay or reimburse the Issuer, upon receipt of invoice therefor (subject to reasonable pro ration if the Issuer has outstanding other industrial development revenue bonds) for all costs and expenses required of the Issuer by the Payee or others from time to time in order to maintain its existence, obtain and maintain directors' liability insurance, competitively placed, and such other clerical and maintenance costs to be paid in order to maintain compliance with the Act for so long as the Bond remains outstanding.

ARTICLE IV

THE PROJECT

Section 4.01. Payment of Cost of Project; Deficiencies.

(a) The Issuer has, in the Resolution, authorized and directed the Depository to make payments from the Acquisition and Construction Fund to pay the Cost of the Project. Each payment of the Cost of the Project shall be made only upon receipt by the Depository of a requisition signed by the Authorized Company Representative stating (i) the requisition number, (ii) the name and address of the person, firm, or corporation to whom payment is due or was made, (iii) the amount to be paid, (iv) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Acquisition and Construction Fund (v) upon payment of such requisition, at least ninety percent (90%) of the amounts withdrawn from the Acquisition and Construction Fund, other than amounts expended to pay costs of issuance of the Bond, shall have been applied to the payment of costs of acquisition or construction of land or property of a character subject to the allowance for depreciation paid or incurred after July 13, 1982, which amounts are chargeable to the capital account of the Corporation for federal income tax purposes or would be so chargeable either with a proper election by the Corporation or but for a proper election by the Corporation to deduct such amounts and (vi) that payment as requested will not

result in the provision of any working capital to the Corporation or any related person.

(b) If the money available from the proceeds of the Bond shall not be sufficient to pay the Costs of the Project in full, the Company shall pay from its own funds all of that portion of the Cost of the Project in excess of the money available therefor from the Bond proceeds. The Issuer does not make any warranty, either express or implied, that the money from the proceeds of the Bond will be sufficient to pay the Cost of the Project. If the Company shall pay from its own funds any portion of the Cost of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Issuer or the Payee; nor shall it be entitled to any diminution in or postponement of the payments required to be paid by the Company under this Loan Agreement.

(c) The Company agrees to pursue the completion of the Project with due diligence after receipt of the proceeds from the sale of the Bond, and in order to effectuate the purposes of the Act, but if such construction is not completed there shall be no resulting liability on the part of the Issuer and no diminution in the Loan repayments required herein to be paid by the Company.

In its use and occupancy of the Project, the Company will, at its sole cost and expense, at all times comply with all laws including environmental, zoning, pollution, sanitary and safety laws, and with such rules and regulations thereunder as under applicable law shall be binding upon it or applicable to the Project; provided, however, that the Company may contest in good faith the validity, existence or applicability thereof.

Section 4.02. Removal of Property of the Project. The Company shall have the privilege from time to time of removing from the Project any machinery, equipment or fixtures constituting a part of the Project; provided that such removal shall not change the nature of the Project as a qualified "industrial development facility" as contemplated by the Act.

Section 4.03. Access to the Project. The Company agrees that it will cooperate with the Issuer and the duly authorized agents of the Issuer and other lawful authorities in exercising any lawful right to examine and inspect the Project.

ARTICLE V

COMPANY COVENANTS AND FINANCIAL RESTRICTIONS

Section 5.01. Company Existence. The Company agrees that it will maintain its corporate existence and will not without the

prior written consent of the Payee dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it.

Section 5.02. Compliance with Laws, Etc. The Company shall through the terms of this Loan Agreement comply, in all material respects with all applicable laws, rules, regulations and orders, where noncompliance with which would impair the Company's ability to perform its obligations hereunder or have a material adverse effect on the financial condition of the Company. Such compliance shall include, without limitation, payment of before the same become delinquent of all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith.

Section 5.03. Insurance. The Company shall maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies of similar size engaged in similar businesses and owning similar properties doing business in the same general areas in which the Company operates.

THE ISSUER AND PAYEE DO NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR LIMITS OR COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE COMPANY'S BUSINESS OR INTEREST.

Section 5.04. Conduct of Business. The Company shall preserve and maintain its privileges and franchises, conduct its business in an orderly, efficient and customary manner, substantially maintain its properties in good working order and condition, and from time to time make such needed repairs, renewals or replacements so that the efficiency of such property shall be substantially maintained and preserved.

Section 5.05. Books and Records. The Company agrees to maintain its books and records in accordance with good accounting practices and permit a representative of the Payee to examine them at the Payee's expense upon reasonable notice during normal business hours and in a manner which will not unreasonably disrupt the normal operations of the Company.

ARTICLE VI

INDEMNIFICATION, PAYMENTS TO ISSUER

Section 6.01. Indemnification of Issuer.

(a) The Company agrees to indemnify and hold the Issuer and the members and officers of its Board of Directors (any or all of the foregoing being hereinafter referred to as the "Indemnified Persons"), harmless from and against any and all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including, but not limited to, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of, or related to the issuance, or delivery of the Bond, or the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project. This indemnity is effective only with respect to any loss incurred by the Issuer in excess of the net proceeds received from any insurance claim or claims arising from the same loss.

(b) The Indemnified Persons will within ten days after notice to the Indemnified Persons (notice to the Indemnified Persons being the filing of any legal action, receipt of any claim in writing or similar form of actual notice) of any claim as to which they assert a right to indemnification, notify the Company of such claim.

(c) If any claim for indemnification by the Indemnified Persons arises out of a claim for monetary damages by a person other than the Indemnified Persons, the Company may, by written notice to the Indemnified Persons, undertake to conduct any proceedings or negotiations in connection therewith or necessary to defend the Indemnified Persons and take all other steps or proceedings to settle or defeat any such claims, and to employ counsel to contest any such claims; provided, however, that the Company shall reasonably consider the advice of the Indemnified Persons as to the defense of such claims, and the Indemnified Persons shall have the right to participate, at their own expense, in such defense, but control of such litigation and settlement shall remain with the Company. The Indemnified Persons shall provide all reasonable cooperation in connection with any such defense by the Company. Counsel and auditor fees, filing fees and court fees of all proceedings, contests or lawsuits with respect to any such claim or asserted liability shall be borne by the Company. If any such claim is made hereunder and the Company does not elect to undertake the defense thereof by written notice to the Indemnified Persons, the Indemnified Persons shall be entitled to control such litigation and settlement and shall be entitled to indemnity with respect thereto pursuant to the terms of this Section 6.01. To the extent that the Company undertakes the

defense of such claim by written notice to the Indemnified Persons, the Indemnified Persons shall be entitled to indemnity hereunder only to the extent that such defense is unsuccessful as determined by a final judgment of a court of competent jurisdiction, or by written acknowledgment of the parties. The foregoing provisions are additional and supplemental to the provisions of the Indemnification and Compensation Agreement and shall not supersede or overrule provisions contained therein.

Section 6.02. Indemnification of the Payee.

(a) Subject to the provisions of the succeeding sentences of this subsection, the Company agrees to indemnify and hold the Payee harmless from and against any and all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including, but not limited to, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of, or related to the issuance, offering, sale or delivery of the Bond, the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project, or the administration of the trusts created by the Bond. The Payee, however, shall not be indemnified hereunder for any claims or damages arising from its own negligent acts or omissions or from any violation by the Payee of the provisions of the Bond, this Loan Agreement or the Assignment.

(b) For the purposes of the provisions of subsection (a) the Payee shall be deemed to be an "Indemnified Party" under the provisions of subsections (b) and (c) of Section 6.01 and claims under this Section shall be subject to such provisions.

ARTICLE VII

EVENTS OF DEFAULT, REMEDIES

Section 7.01. Events of Default. The occurrence of any of the following events shall constitute a default hereunder:

(a) failure to pay when due any installment or other payment with respect to the Loan, or any security therefor required to be paid with respect to the Bond; or

(b) default in the performance or observance of any of the covenants, agreements or conditions on the part of the Issuer or the Company in this Loan Agreement or in the Bond concerning this transaction between the Payee and the Company set forth in this Loan Agreement (other than as referred to in (a) above), which failure shall continue for a period of thirty (30) days after actual notice specifying such failure and requesting that it

be remedied is given to the Company and the Issuer by the Payee, unless (i) the Payee shall agree in writing to an extension of such period prior to its expiration, or (ii) during such thirty (30) day period or any extension thereof, the party in default has commenced and is diligently pursuing corrective action which, in the written opinion of the party not in default, is appropriate and sufficient; or (iii) the defaulting party is by reason of force majeure at the time prevented from performing or observing the agreement or covenant with respect to which it is delinquent or in breach; or

(c) An event of default under the Reimbursement Agreement provided that notice thereof has been delivered by Seattle-First National Bank to the Payee; or

(d) assignment or attempt to assign without the advance written consent of the Credit Bank and Payee, any interest hereunder or in any proceeds of the Loan, including any arising or to arise by operation of any law; or

(e) the filing of the Company of a voluntary petition in bankruptcy, or the failure by the Company to lift promptly any execution, garnishment or attachment of such consequence as seriously to impair its ability to perform its obligations hereunder or under the Bond, or the commission by the Company of any act of bankruptcy or its adjudication as a bankrupt, or the written admission by the Company of its inability to pay its debts generally as they become due, or the appointment by a court of competent jurisdiction of a receiver, trustee or liquidator of the Company of all or any substantial portion of its property in any creditor proceeding brought against the Company or its consent to or acquiescence in such appointment, or an assignment by such Company for the benefit of creditors, or the entry by the Company into an agreement of composition with its creditors; or

(f) the occurrence of an "event of default" under the Bond; or,

(g) the determination that any statement, representation, or warranty of the Company made herein or at any time furnished to the Payee is untrue in any material respect as of the date made.

The term "force majeure", as used herein, means acts of God or the public enemy, strikes, lockouts, work slowdowns or stoppages or other labor disputes, insurrections, riots or other civil disturbances, orders of the government of the United States of America or of any state of the United States of America or of any of the departments, agencies, political subdivisions or officials of the United States of America or of any state thereof, or orders of any other civil or military authority, or partial or entire failure of public utilities, or any other condition or event

beyond the reasonable control of the Company. The Company will, to the extent it may lawfully do so, use its best efforts to remedy, alleviate or circumvent any cause or causes preventing it from performing its agreements and covenants hereunder; provided, however, that the settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of the Company, and the Company shall not be required to settle strikes, lockouts and other labor disputes by acceding to the demands of the opposing party or parties when such course is, in its judgment, against its best interests.

Section 7.02. Acceleration. The outstanding Bond shall be accelerated for payment under any of the following events:

(a) upon the occurrence and continuance of any event of default specified in Section 7.01(a), (c), (e) or (f) above, the principal of the Loan and interest accrued thereon to such date shall immediately become due and payable without any requirement for a declaration thereof by Payee; and

(b) upon the occurrence and continuance of any event of default specified in Section 7.01(b), (d) and (g) above, the Payee may immediately declare the principal of the Loan then outstanding and the interest accrued thereon to the date of such declaration immediately due and payable.

If the Loan is accelerated under any of the foregoing provisions, the principal thereof and interest thereon, the Bond shall be immediately due and payable.

Upon acceleration, the Payee as assignee of the rights of the Issuer for security purposes under this Loan Agreement may (i) declare all Loan repayments to be immediately due and payable; and (ii) if not paid by the Company within one day of such acceleration may draw upon the Letter of Credit for the payment of the outstanding principal amount of the Bond plus interest accrued thereon; and (iii) pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bond and to enforce and compel the performance of the duties and obligations of the Issuer and/or Company as herein set forth. The Payee may, without notice to the Issuer or the Company exercise any and all remedies afforded the Issuer under the Bond in its name or the name of the Issuer, without the necessity of joining the Issuer.

Section 7.03. Notice of Default Under Section 7.01(b); Opportunity of the Issuer and the Company to Cure Such Default.

If a default specified in Section 7.01(b) is such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted within the

applicable period and diligently pursued until the default is corrected.

With regard to any default concerning which notice is given to the Issuer and the Company under the provisions of Section 7.01(b) the Issuer hereby grants the Company full authority for account of the Issuer to perform any covenant, agreement or condition alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do, and to perform any such things and acts and with power of substitution.

Section 7.04. Enforcement of Rights. The Payee, as pledgee and assignee for security purposes of all of the right, title and interest of the Issuer (except those rights under Sections 3.06, 6.01 and 7.08 of this Loan Agreement reserved to the Issuer) shall, upon compliance with applicable requirements of law, be the sole real party in interest and shall have standing, every right granted to the Issuer, under the Bond.

The Letter of Credit is being delivered to the Payee as security only for the obligations of the Company under this Loan Agreement and the Assignment, and the Payee may draw upon it only upon the occurrence and continuation of an event of default hereunder or under the Bond which permits the acceleration of the Bond and Loan and a draw upon the Letter of Credit under Section 7.02(b) hereof.

Section 7.05. Remedies. Upon the happening and continuance of any event of default, the Payee, in addition to the acceleration of the Bond under Section 7.02 hereof, in its discretion, may take any one or more of the following actions:

(a) by suit for damages or injunction, or other suit, action or proceeding at law or in equity, enforce all rights of the Issuer or the Payee, and require the Company to carry out any agreements with or for the benefit of the Payee to perform its duties under the Act, this Loan Agreement or the Bond; or

(b) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Payee; or

(c) by injunction, or other suit, action or proceeding at law or in equity enforce all rights of the Issuer or the Payee arising therefrom and under the Letter of Credit.

Section 7.06. Discontinuance of Proceedings. In case any proceeding taken by the Issuer or the Payee on account of any event of default hereunder including, but not limited to accelera-

tion, shall have been determined adversely to the Issuer or the Payee, then and in every case the Issuer and the Payee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Issuer and the Payee shall continue as though no such proceeding had been taken.

Section 7.07. Remedies Cumulative. No remedy conferred upon or reserved to the Issuer or the Payee by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any failure to perform under this Article shall impair any such right or power or shall be construed to be a waiver thereof. In order to entitle the Issuer or the Payee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice.

Section 7.08. Reimbursement of Expenses. If upon or after the occurrence of any default hereunder, the Issuer or the Payee shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company contained herein, the Company will, on demand therefor, reimburse the Issuer or the Payee, as the case may be, for reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 7.09. Waiver. In the event that any agreement contained herein shall be breached by either party and such breach shall thereafter be waived by the other party, such waiver (unless otherwise specifically indicated herein) shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Loan Agreement to the Payee under the Bond, the Issuer shall have no power to waive any default without the consent of the Payee. The Payee shall obtain the consent of the Issuer to waive a breach of this Loan Agreement by the Company involving the time of payment of the Company's obligations, the amount of payment or any other provisions of this Loan Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Authorized Company Representative. Whenever under the provisions of this Loan Agreement the approval of the Company is required or the Issuer or the Payee is required to take some action at the request of the Company, such approval or such request shall be given for the Company by the Authorized Company

Representative, and the Issuer and the Payee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Payee as a result of any such action taken.

Section 8.02. Limited Obligation of Issuer. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company and the Payee and their respective successors and assigns, subject to the limitation that any obligation of the Issuer created by or arising out of this Loan Agreement shall be a limited obligation of the Issuer, payable solely out of the revenues arising hereunder and the other funds held or set aside in trust under the Bond and shall not constitute a pledge of the faith and credit of the Issuer or a debt of the State or of any other political subdivision or agency of the State or a pledge of the faith and credit of any of them.

Section 8.03. Amendment of Loan Agreement. This Loan Agreement may be amended in any respect but only by written agreement of the parties hereto and the Credit Bank, or of the Payee, as assignee, and the Company, and subject to the limitations on such amendments set forth in the Bond.

Section 8.04. Term of Loan Agreement. The term of this Loan Agreement shall commence on the date of closing and delivery of the Bond to the initial purchaser thereof, and shall terminate when:

(a) from and after the Bond shall have been paid in full or provision for such full payment has been made in accordance with the Bond; and

(b) all liabilities of the Issuer incurred pursuant to this Loan Agreement and the Bond shall have been fully paid and discharged to the satisfaction of the Issuer.

All representations and certifications by the Company as to all matters affecting the tax-exempt status of the Bond shall survive the termination of this Loan Agreement and shall obtain until such time as a tax determination under paragraph 6 of the Bond shall be barred by any applicable statute of limitations.

Section 8.05. Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Loan Agreement.

Section 8.06. Severability. If any clause, provision or section of this Loan Agreement shall be held illegal or invalid by any court, the invalidity of such clause, provision or section

shall not affect any of the remaining clauses, provisions or sections hereof, and this Loan Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

Section 8.07. Notices. All notices required by the terms hereof shall be in writing, mailed by first-class certified mail, postage prepaid, with return receipt requested, and addressed as follows:

To the Company: EMF Corporation
15110 N.E. 95th Street
Redmond, Washington 98052
Attention: Robert G. Railton

To the Credit Bank: Seattle-First National Bank
Corporate Banking
1001 - Fourth Avenue
25th Floor
Seattle, Washington 98124
Attention: Susan Finneran

With a copy to:

Corporate Finance Department
P.O. Box 3586
Seattle, Washington 98124

To the Issuer: Redmond Public Corporation
c/o Ogden, Ogden & Murphy
2300 Westin Building
2001 Sixth Avenue
Seattle, Washington 98121
Attention: John D. Wallace, Esq.

To the Payee: National Bank of Alaska
Commercial Loan Department/
Corporate Headquarters
P.O. Box 600
Anchorage, Alaska 99510
Attention: Ron Schmidt

or to such other address as the Company, the Issuer or the Payee shall from time to time designate by notice in writing to the others. Whenever any notice in writing is required to be given by the Company, the Issuer or the Payee to any of them, such notice shall be deemed given when received.

Section 8.08. Applicable Law. The laws of the State of Washington shall govern the construction of this Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed as of the day and year first written above.

REDMOND PUBLIC CORPORATION

By _____
Chairman, Board of Directors

Secretary

[SEAL]

[SEAL]

EMF CORPORATION, a Washington
corporation

By _____
President

Approved:

NATIONAL BANK OF ALASKA,
As Payee

Vice President

STATE OF WASHINGTON)
 : ss.
COUNTY OF K I N G)

On this ____ day of _____, 1982, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Roger I. Trepanier and John D. Wallace, to me known to be the Chairman and Secretary of the Redmond Public Corporation, a public corporation of the State of Washington, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said public corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of public corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State
of Washington, residing in _____

STATE OF WASHINGTON)
 : ss.
COUNTY OF K I N G)

On this ____ day of _____, 1982, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert G. Railton, to me known to be the President of EMF Corporation, the corporation, that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State
of Washington, residing in _____

ASSIGNMENT OF LOAN AGREEMENT

THIS ASSIGNMENT made as of this December 1, 1982, by and among the Redmond Public Corporation, a public corporation, organized and existing under the laws of the State of Washington (the "Issuer"), having its principal office at Redmond, Washington, and the National Bank of Alaska, a national banking association (the "Payee"), having its principal business office at P.O. Box 600, Anchorage, Alaska 99510; and EMF Corporation, a Washington corporation (the "Borrower"), having its principal corporate offices at Redmond, Washington.

W I T N E S S E T H :

WHEREAS, the Issuer has requested the Payee to lend the Issuer the sum of One Million Dollars (\$1,000,000), which loan is evidenced by the Issuer's Industrial Development Revenue Bond of even date herewith (the "Bond") in the amount of One Million Dollars (\$1,000,000) and secured by a certain irrevocable standby Letter of Credit issued by Seattle-First National Bank (defined in the Bond as the "Letter of Credit").

WHEREAS, the Borrower and the Issuer have entered into a certain Loan Agreement of even date herewith (the "Loan Agreement") which provides, among other things, for the loan of the proceeds of the Bond with interest thereon at the rate of interest and upon the terms and conditions set forth therein; and

WHEREAS, in order to better secure repayment of the indebtedness evidenced by the Bond, the Issuer desires to assign to the Payee all of its right, title and interest in and to the Loan Agreement and the Bond and its right to receive the Letter of Credit.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Capitalized terms used in this Assignment not otherwise defined herein shall have the same meanings given such terms in the Bond, and Section 7 is hereby incorporated by reference herein.

2. The Issuer hereby assigns, transfers and sets over to the Payee, its successors and assigns, all of the Issuer's

right, title and interest in and to the Loan Agreement and the Bond and its right to receive the Letter of Credit for the purpose of enforcing all payments and performance thereunder (the "Collateral"), except for certain rights retained by the Issuer under Sections 3.06, 6.01 and 7.08 of the Loan Agreement.

3. This Assignment is made as additional security for the repayment of the indebtedness evidenced by the Bond, the Letter of Credit and any other collateral security documents delivered in connection with the Bond.

4. The Borrower shall be obligated to pay directly to the Payee all amounts due and to become due under the instruments representing the Collateral on and after execution and delivery of this Assignment. Nothing contained in the preceding sentence shall relieve the Issuer of any of its obligations hereunder or under the Bond, and any other collateral security document delivered in connection with the Bond.

5. The Issuer reserves the right, which, however, is also assigned to the Payee and may be exercised by either the Issuer or the Payee, both before and after default, to enforce all provisions of the Collateral:

(a) providing for the indemnification and payment of the expenses of the Issuer; and

(b) requiring compliance with all laws, ordinances, rules and regulations of all governmental or municipal authorities claiming jurisdiction.

6. The Issuer hereby agrees (i) to observe and perform all of its obligations and agreements under the Collateral and (ii) that any consents of or approvals by the Issuer provided for in the Collateral (other than consents or approvals in connection with the rights described in paragraph 5 hereof) shall require the written joinder of the Payee until such time as the Issuer is in default on any of its obligations or other agreements with the Payee under the Bond, the Letter of Credit or other security documents and thereafter shall be given only by the Payee.

7. Anything herein contained to the contrary notwithstanding, the Issuer hereby assigns to the Payee, to be applied as provided in the Bond, any award made hereafter to it in any court procedure involving the Borrower in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court; and any and all payments made by the Borrower in lieu of the payments required under the Collateral. The Issuer hereby appoints the Payee as its irrevocable attorney-in-fact to appear in any action and/or to collect any such award or payment.

8. The receipt by the Payee of any money drawn under the Letter of Credit as a result of an event of default under the Bond shall not cure such default with respect to the Issuer unless and until all obligations of the Borrower to the Issuer have been satisfied and paid in full.

9. Default by the Issuer or the Borrower under any of the terms of the Collateral shall be deemed a default under the terms of the Bond. Any expenditures made by the Payee in curing such a default on the Issuer's or the Borrower's behalf, shall, with interest thereon at the rate payable upon default under the Bond, become part of the debt secured by this Assignment.

10. The Borrower hereby approves and consents to this Assignment.

11. The Issuer's liability hereunder shall be enforceable only out of security provided by this Assignment. The lien of any judgment against the Issuer in any proceeding instituted on, under, or in connection with the Bond shall not extend to any property now or hereafter owned by the Issuer. Nothing contained in this paragraph is intended to modify, waive or affect the rights of the Payee, pursuant to this Assignment to enforce against the Borrower the performance of the Borrower's obligations under the Loan Agreement.

12. The Payee shall have the right to set off all or any part of any amount due by the Issuer to the Payee under the Bond or otherwise, or due by the Borrower to the Payee under this Assignment, against any indebtedness, liabilities or obligations owing by the Payee for any reason and in any capacity to the Borrower, including any obligation to disburse to the Borrower or its designee any funds or other property or deposit with or otherwise in the possession, control or custody of the Payee.

13. The title of this document is made only for the convenience of reference and shall not in any way affect the meaning, construction or effect of this document.

14. This Assignment applies to and binds the parties hereto and their respective heirs, administrators, executors, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed as of the day and year first above mentioned.

ISSUER:

REDMOND PUBLIC CORPORATION

By _____
Chairman, Board of Directors

Attest:

Secretary

(Corporate Seal)

BORROWER:

EMF CORPORATION, a Washington
corporation

By _____
Robert G. Railton

PAYEE:

NATIONAL BANK OF ALASKA

Vice President

STATE OF WASHINGTON)

: SS.

COUNTY OF KING)

On this day of December, 1982, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Roger I. Trepanier and John D. Wallace, to me known to be the Chairman and Secretary of the Redmond Public Corporation, a public corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said public corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of public corporation.

WITNESS my hand and official seal hereto affixed the day and
year in this certificate above written.

NOTARY PUBLIC in and for the State
of Washington, residing in _____

STATE OF WASHINGTON)
 : ss.
COUNTY OF KING)

On this ____ day of _____, 1982, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert G. Railton, to me known to be the President of EMF Corporation, the corporation that executed the within and foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State
of Washington, residing in Seattle

STATE OF ALASKA)
 : ss.
THIRD JUDICIAL CIRCUIT)

On this ____ day of _____, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Ron Schmidt, to me known to be a Vice President of the National Bank of Alaska, the national banking association that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said association, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC, in and for the State
of Alaska residing at _____

Commission Expires: _____

DEPOSITORY AGREEMENT

THIS DEPOSITORY AGREEMENT, dated as of December 1, 1982, by and among the REDMOND PUBLIC CORPORATION, (the "Issuer"), EMF CORPORATION, a Washington corporation (the "Company"), and SEATTLE-FIRST NATIONAL BANK, Seattle, Washington, as depository (the "Depository").

W I T N E S S E T H:

WHEREAS, in accordance with the provisions of Chapter 300, Laws of Washington 1981 (the "Act"), and a resolution adopted by the Board of Directors on December 7, 1982 (the "1982 Resolution"), the Issuer is undertaking to issue and sell to the National Bank of Alaska, Anchorage, Alaska, its \$1,000,000 Industrial Development Revenue Bond, 1982 (EMF Corporation Project) (the "Bond") for the purpose of making a loan to the Company in accordance with the terms of a Loan Agreement, dated as of December 1, 1982 (the "Agreement") by and between the Issuer and the Company; and

WHEREAS, the 1982 Resolution and the Agreement provide for the proceeds of sale of the Bond and any investment income thereon to be deposited with the Depository and applied to the payment of the Cost of the Project in accordance with the terms of the 1982 Resolution and the Agreement; and

WHEREAS, copies of the 1982 Resolution and the Agreement have been delivered to the Depository, receipt of which by the Depository is hereby acknowledged.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements which follow, the parties hereby agree:

Section 1. Definitions. All words and phrases defined in Section 7 of the Bond and Section 1.01 of the 1982 Resolution shall have the same meaning when used in this Depository Agreement.

Section 2. Creation of Acquisition and Construction Fund. If money remains after the initial disbursement of Bond proceeds, the Depository shall establish a fund designated as "Redmond Public Corporation Industrial Development Revenue Bond (EMF Corporation Project) Acquisition and Construction Fund."

Section 3. Deposit to the Acquisition and Construction Fund. All proceeds from the sale of the Bond loaned to the Company pursuant to the Agreement, aggregating \$1,000,000, shall be deposited in the Acquisition and Construction Fund. All income earned from the investment of money in the Acquisition and Con-

struction Fund shall be credited to the Acquisition and Construction Fund, and any loss shall be charged against the Acquisition and Construction Fund.

Section 4. Disbursement to Pay Cost of Project. Money on deposit in the Acquisition and Construction Fund shall be applied to the payment of the Cost of the Project to the extent and upon satisfaction of the conditions set forth in Section 4.03 of the 1982 Resolution and Section 4.01 of the Agreement, the terms of which are incorporated herein by reference; provided, however, that no disbursement shall be made from the Acquisition and Construction Fund (except for payment of the costs of issuance of the Bond) until title to the real property to be acquired as a part of the Project has been secured to the satisfaction of the Credit Bank, which satisfaction shall be evidenced by written instruction to the Depository to disburse funds from the Acquisition and Construction Fund.

Section 5. Application of Surplus Money. The Depository is hereby authorized and directed to apply money remaining in the Acquisition and Construction Fund on the Completion Date, as the same shall be established in accordance with Section 9 of the Bond, and in any event, on December 1, 1985, to the prepayment of the principal of the Bond.

Section 6. Investment of Money. Money in the Acquisition and Construction Fund shall be invested and reinvested by the Depository as directed by the Company in Permitted Investments as contemplated in Article VII of the 1982 Resolution, the terms of which are incorporated herein by reference.

Section 7. Application of Money in Event of Default. Upon the occurrence of an Event of Default as defined in Section ____ of the 1982 Resolution or Section 10 of the Bond and acceleration of the principal of the Bond in accordance with Section ____ of the 1982 Resolution, money in the Acquisition and Construction Fund shall be applied by the Depository to the payment of the principal of and interest on the Bond. The Issuer and the Company hereby grant to the Depository, as holder of the proceeds of the Bond and issuer of the Letter of Credit, a security interest in all amounts held in the Acquisition and Construction Fund and all proceeds therefrom to secure payment of the principal of and interest on the Bond.

Section 8. Fees of the Depository. The Company agrees to pay the costs, if any, of each transaction involving investment and/or reinvestment of funds held in the Acquisition and Construction Fund.

Section 9. Execution in Counterparts. This Depository Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Washington.

IN WITNESS WHEREOF, the Issuer, the Depository and the Company have caused this Depository Agreement to be executed in their respective names, and have caused this Depository Agreement to be dated as of December 1, 1982.

REDMOND PUBLIC CORPORATION

By _____
Roger I. Trepanier, Chairman,
Board of Directors

EMF CORPORATION

By _____
Robert G. Railton, President

SEATTLE-FIRST NATIONAL BANK

By _____
Phillip J. Baily, Vice-President

Consented to:

NATIONAL BANK OF ALASKA

Ron Schmidt, Vice-President

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE WASHINGTON OR ALASKA SECURITIES ACTS.

INDUSTRIAL DEVELOPMENT REVENUE BOND
(EMF CORPORATION PROJECT)

\$1,000,000

Seattle, Washington
Dated: December 16, 1982

FOR VALUE RECEIVED, THE REDMOND PUBLIC CORPORATION, a public corporation organized and existing pursuant to the laws of the State of Washington, specifically Chapter 300, Laws of Washington 1981, codified as Chapter 39.84 RCW (the "Act"), the "Issuer" promises to pay to the order of the National Bank of Alaska, a national banking association, with offices at P.O. Box 600, Anchorage, Alaska 99510 ("Payee"), the principal sum of ONE MILLION DOLLARS (\$1,000,000) in lawful money of the United States of America, but solely from the sources hereinafter mentioned, together with interest from the date hereof, at the rates and on the terms set forth herein.

Capitalized terms used in this Bond are defined in Section 7 hereof.

1. Repayment Terms. This Bond bears interest on unpaid principal at a rate equal to sixty-eight percent (68%) of the Prime Rate of the National Bank of Alaska as such rate is changed from time to time, and the interest rate to be paid on this Bond shall change as of the effective date of any announced change in the Prime Rate of the National Bank of Alaska. Interest shall be calculated on the basis of a 365-day year (or 366-day year, as the case may be) and the actual number of days elapsed. Interest shall be payable quarterly on the first days of each March, June, September and December, commencing with March 1, 1983.

The principal of this Bond shall be due and payable in installments on December 1, of the following years in the following amounts:

<u>Installment Payment Year</u> <u>December 1</u>	<u>Principal</u> <u>Installment Due</u>
1983	\$100,000
1984	115,000
1985	125,000
1986	140,000
1987	155,000
1988	175,000
1989	190,000

2. Place of Payment. Both the principal of and interest on this Bond shall be payable at the office of the Payee set forth in the heading hereof, or at such other place as the Payee, from time to time, may designate in writing.

3. Prepayment Option. (a) The Issuer shall, upon the direction of the Company, have the right to prepay on any date all or any portion of this Bond without penalty or premium; provided, however, that any such prepayment shall be applied first to interest and then to principal; and provided, further, that thirty (30) business days prior written notice of any intention to prepay this Bond and the amount to be prepaid shall be given to the Payee.

(b) Upon prepayment notice being given, the accrued interest on the amount of such prepayment and the prepayment shall be due and payable on the date fixed by the notice, and collection thereof may be enforced by the Payee according to the terms of this Bond and the Letter of Credit.

4. Put Option. On December 1, 1986 the Payee shall have the right to require the Company to purchase or cause the purchase of the Bond, and the Company shall be obligated to purchase or cause the purchase of the Bond upon notice as hereinafter provided. To exercise its rights to have the Bond purchased, the Payee shall deliver written notice to the Company and the Issuer of its intention to put the Bond to the Company or its designee, which written notice shall be delivered not earlier than June 1, 1986 nor later than August 1, 1986. Upon receipt of the foregoing notice of intention from the Payee, the Company shall purchase the Bond or cause it to be purchased on or prior to December 1, 1986 at a price of par plus accrued interest to the date of purchase.

5. Taxability. (a) It is contemplated by the parties hereto that the interest payable upon this Bond will be exempt from taxation under Subtitle "A" of the United States Internal Revenue Code of 1954, as amended ("the Code"). Issuer hereby agrees not to do anything nor, to the extent it may do so, to permit EMF Corporation, a Washington corporation (the "Company") who is the borrower of the proceeds of this Bond, pursuant to a certain Loan Agreement, dated as of December 1, 1982, between the Issuer and the Company (the "Loan Agreement"), to do anything, which would endanger the tax exempt status of the interest referred to herein. The Issuer covenants that it will not make any investment or other use of the "proceeds" (as that term is defined in Section 103(b) of the Code and all applicable regulations promulgated thereunder) of this Bond which would cause this Bond to be an "arbitrage bond" (as that term is defined in Section 103(c) of the Code and all applicable regulations promulgated thereunder), and that it will comply with the requirements of Section 103(c) of the Code and all applicable regulations promul-

gated thereunder throughout the term of this Bond. Based upon such exemption and the continued exemption of the interest from federal income taxation, interest upon the amount of the principal shall be paid at the rate set forth hereinabove. However, if at any time (including after repayment of all principal) such interest is no longer exempt from federal income taxation, then, upon the date when the interest becomes no longer exempt (as such date is determined in accordance with Section 6 below), the interest rate payable hereunder shall be increased, retroactively, if necessary, from the date as of which the interest became no longer exempt and thereafter for the remainder of the term hereof, to the per annum rate equal to the Prime Rate on the outstanding balance of principal and the appropriate adjustment will be made in the installments of interest set forth in Section 1. The Issuer shall pay to the Payee, on demand, (i) the difference between the interest paid at the tax exempt rate of interest specified hereinabove and the interest which would have been payable at the Prime Rate on the outstanding balance of principal, from the date as of which the interest, received by the Payee became no longer exempt from taxation under Subtitle "A" of the Code until the date on which such demand is made plus (ii) any interest, penalties, and/or other charges of any kind incurred by the Payee as a result of the interest payable upon this Bond being subject to such taxation and any other sums required to put the Payee in the same position it would have been in had such interest, penalties and/or other charges not been imposed. Failure of the Payee to make demand promptly following the date upon which the interest becomes no longer exempt shall not alter the rights or obligations of the Issuer or the Payee.

(b) Notwithstanding the foregoing provisions of sub-Section 5(a) hereof, in the event that during the term hereof the interest payable upon this Bond is no longer exempt from federal income taxation, the Payee may, at its option, accelerate at any time the principal thereof so that it thereupon becomes immediately due and payable with accrued interest at the increased rate specified in Section 5 above. If the interest on this Bond is no longer tax exempt the acceleration of this Bond will not affect or relieve the Issuer from its obligation to pay interest retroactively, at the higher rate stated in Subsection (a) of this Section 5 for the period prior to the date of acceleration or any payment made pursuant to such acceleration.

6. Date of Taxability. For purposes of Section 5, the phrase "the date when the interest becomes no longer exempt" shall refer to and include (a) the effective date of a statute or a regulation eliminating in whole or in part the presently applicable exemption for interest payable on this Bond or altering to the detriment of the Payee the presently applicable method of allocating deductions of the Payee because of the receipt of such interest, or (b) the date of a determination by decision or ruling

by a judicial or duly constituted administrative authority to the effect that such exemption is not available or is no longer available or is contrary to law, or (c) the date upon which the Internal Revenue Service (the "IRS") asserts in writing that such interest is taxable to the Payee in whole or in part or takes any other official action (including the issuance of a statutory notice of deficiency, the denial of a claim for refund, or the assessment of any tax), the effect of which is to assert against or impose upon the Payee a tax attributable to the Payee's receipt of (or right to receive) such interest. If there is more than one date which comes within the definition of "the date when the interest becomes no longer exempt," Section 5 shall be fully applicable as to each such date, whether or not the Payee exercised any or all of the rights or remedies which arose upon any prior date, and all the Payee's rights and remedies shall be cumulative except to the extent of any written waiver by the Payee. The Payee shall have no obligation to contest or appeal any assertion or decision that any interest payable hereunder is subject to taxation.

7. Definitions. In this Bond (unless the context otherwise requires), the following terms shall have the following meanings:

"Act" means Chapter 300, Washington Laws of 1981 (Reg. Sess.), codified as Chapter 39.84 Revised Code of Washington as the same may be supplemented and amended from time to time.

"Assignment" means the "Assignment of Loan Agreement, dated December 1, 1982 pursuant to which the Issuer assigns its right, title and interest in the Loan Agreement and Bond to the Payee.

"Authorized Company Representative" means such person at the time and from time to time designated by written certificate furnished to the Issuer containing the specimen signature of such person and signed on behalf of the Company by the President or any Vice President of the Company to act on behalf of the Company.

"City" means the City of Redmond, a duly organized and existing municipal corporation of the State of Washington.

"Code" means the Internal Revenue Code of 1954, as amended, together with corresponding and applicable regulations promulgated or proposed and revenue rulings issued with respect thereto by the Department of Treasury and Internal Revenue Service of the United States.

"Company" means the EMF Corporation and includes its successors and assigns as permitted under the Loan Agreement.

"Completion Date" means the date of completion of the Project as that date shall be certified as provided in Section 9 of this Bond.

"Construction Period" means the period between the beginning of construction of the Project and the Completion Date.

"Cost of the Project" means and includes the following items of cost and expense:

(i) the cost of preparing the plans and specifications for the Project (including any preliminary study thereof),

(ii) all costs of acquiring, constructing and installing the Project (including architectural, engineering and supervisory services with respect thereto and development fees and expenses),

(iii) all fees, taxes, charges and other expenses for recording or filing the Loan Agreement, the Assignment and this Bond,

(iv) all legal, accounting, financial, advisory, investment banking, legal investment, initial Letter of Credit fees and any other fees, discounts, costs and expenses incurred in connection with the preparation, printing, reproduction, authorization, issuance, execution, sale of the Bond, the Loan Agreement and any other documents in connection herewith and with any other transaction contemplated by the Loan Agreement or this Bond,

(vi) interest coming due on the Bond prior to the Completion Date.

(vii) reimbursement to the Company for any of the above-enumerated items of cost or expense paid by it; and

(viii) for payment of any other costs authorized under the Act.

"Credit Bank" means Seattle-First National Bank, Seattle, Washington, or its successors and assigns.

"Depository" means Seattle-First National Bank, Seattle, Washington, as depository of the Acquisition and Construction Fund established and created pursuant to Article IV of the Resolution.

"Depository Agreement" means the Depository Agreement dated as of December 1, 1982 by and among the Issuer, the Company and the Depository.

"Issuer" means the Redmond Public Corporation and any successor body to the duties or functions of the Issuer.

"Letter of Credit" means the Letter of Credit issued by Seattle-First National Bank on the date of this Bond in the aggregate amount of \$1,030,000.

"Loan Agreement" means the Loan Agreement dated as of December 1, 1982 between the Issuer and the Company as from time to time supplemented and amended.

"Official Action Resolution" means Resolution No. 3 and Resolution No. ____ of the Issuer adopted on July 13, 1982, and December 7, 1982, respectively pursuant to which the Issuer agreed to issue revenue bonds for the purpose of financing the Company's Project.

"Prime Rate" means the rate as announced by the National Bank of Alaska, Anchorage, Alaska, from time to time at its principal office as its "prime rate"; any change in the interest rate resulting from a change in the Prime Rate shall be effective on the effective date of each change in the "Prime Rate" announced by the National Bank of Alaska, at its principal office in Anchorage, Alaska.

"Project" means the acquisition of land, facilities and personalty, including but not limited to, related structures, fixtures, equipment and personal property acquired, constructed and/or installed by the Company with the proceeds from the sale of the Bond. The Project is generally described in Exhibit A, attached hereto.

"Resolution" means Resolution ____ of the Issuer adopted on December 7, 1982, pursuant to which the Bond is being issued and sold.

"State" means the State of Washington.

8. Loan Agreement. The Loan Agreement, a duly executed counterpart of which has been filed with the Payee, sets forth the covenants and obligations of the Issuer and the Company, including provisions that subsequent to the issuance of this Bond and prior to its payment in full, the Loan Agreement may not be effectively amended, waived, changed, modified, altered or terminated without the written consent of the Payee, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Company thereunder, and the Issuer agrees that the Payee in its name or in the name of the Issuer may enforce all rights of the Issuer (other than its rights under Sections 3.06, 6.01 and 7.08 under the Loan Agreement) and all obligations of the

Company under and pursuant to the Loan Agreement for and on behalf of itself, whether or not the Issuer is in default hereunder.

9. Completion of the Project. The completion of the Project and payment or provision made for payment of the full Cost of the Project shall be evidenced by the filing with the Payee and Depository of a certificate required by the provisions of this Section. The Completion Date shall be evidenced to the Payee and Depository by a certificate signed by the Authorized Company Representative (who may rely upon an architect retained by the Company) stating the Cost of the Project and stating that (i) acquisition and construction of the Project has been completed substantially in accordance with the plans and specifications therefor and payment for all labor, services, materials and supplies used in such construction which is due and payable has been made, (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed substantially in accordance with the plans and specifications and work orders therefor and all costs and expenses incurred in connection therewith have been paid and (iii) at least 90% of the costs previously disbursed from proceeds of the Bond are amounts which will be charged to the Project's capital account for United States federal income tax purposes or which would be so chargeable either with a proper election by the Company under the Code, or but for a proper election by the Company to deduct such amount(s), and were paid and incurred subsequent to July 13, 1982. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Company to cause such certificate to be furnished to the Payee and Depository promptly after the Project shall have been completed.

10. Event of Default and Acceleration. The occurrence of any event of default under Section 7.01 of the Loan Agreement shall similarly constitute an Event of Default under this Bond.

If the Loan is accelerated under any of the provisions of Section 7.01 of the Loan Agreement, including all outstanding principal thereof and interest thereon, the Bond shall be immediately due and payable.

11. Acceleration and Remedies. If this Bond, including all interest thereon, has not been paid in full within one day of written notice to the Company of such acceleration under Section 7.02 of the Loan Agreement, the Payee (i) shall draw immediately upon the Letter of Credit for the payment of the unpaid outstanding principal amount of the Bond plus interest accrued thereon; and (ii) may pursue any other available remedy at law or in equity by suit, action, mandamus or other proceeding including but not limited to those specified in Section 7.05 of the Loan Agreement

to enforce the payment of the principal of and interest on the Bond and to enforce and compel the performance of the duties and obligations of the Issuer and/or Company as herein and therein set forth. The Payee may, without notice to the Issuer or the Company exercise any and all remedies afforded the Issuer under this Bond in its name or the name of the Issuer, without the necessity of joining the Issuer.

12. Cancellation of Bond. After the repayment of the full principal amount hereunder and all interest accrued thereon and all other sums due hereunder, this Bond shall be marked "Principal Paid in Full" but shall remain in effect to evidence the obligation of Issuer to pay any deficiency in interest which may be due for any period prior to such repayment and shall be retained by the Payee until the period has elapsed without claim within which the IRS may claim that interest payable pursuant to this Bond is not exempt from federal income taxation.

13. Confession of Judgment. The Issuer hereby irrevocably authorizes and empowers any attorney or the Secretary of State or Clerk of any Court in King County, or elsewhere, to appear for the Issuer at any time after default hereunder in any action brought against the Issuer on this Bond at the suit of the Payee, with or without declaration filed, as of any term, and therein to confess or enter judgment against the Issuer for the entire unpaid principal of this Bond and other sums paid by the Payee to or on behalf of the Issuer pursuant to the terms of this Bond, and all arrearages of interest thereon, together with costs of suit, and attorney's fees.

14. Continuing Authority. The authority granted herein to confess judgment shall not be exhausted by any exercise thereof but shall continue from time to time and at all times until payment in full of all the amounts due hereunder.

15. Remedies Cumulative and Concurrent. The remedies of the Payee as provided herein, and the warranties contained herein or attached hereto shall be cumulative and concurrent, and may be pursued singly, successively, or together at the sole discretion of the Payee, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

16. Waiver. The Issuer and all endorsers, sureties and guarantors hereby jointly and severally waive presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest and notice of protest of this Bond, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Bond, and they agree that the liability of each of them shall be unconditional, without regard to the liability of any other party, and shall not

be affected in any manner by any indulgence, extension of time, renewal, waiver or modification granted or consented to by the Payee. The Issuer and all endorsers, sureties, and guarantors consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by the Payee with respect to the payment or other provisions of this Bond, and to the release of the collateral or any part thereof, with or without substitution, and agree that additional makers, endorsers, guarantors, or sureties may become parties hereto without notice to them or affecting their liability hereunder.

17. Severability. If any provision of this Bond is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Bond shall remain in full force and effect and shall be liberally construed in favor of the Payee in order to effect the provisions of this Bond.

18. Limitations on Indebtedness. (a) THIS BOND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OF INDEBTEDNESS AND IS NOT PAYABLE FROM OR A CHARGE UPON ANY FUNDS OF THE ISSUER OTHER THAN THE REVENUES AND FUNDS REFERRED TO ABOVE. NEITHER THE STATE OF WASHINGTON, THE CITY OF REDMOND OR ANY OTHER MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE OF WASHINGTON IS OBLIGATED TO PAY THE PRINCIPAL OR THE INTEREST ON THIS BOND. NO TAX FUNDS OR GOVERNMENTAL REVENUE MAY BE USED TO PAY THE PRINCIPAL OR INTEREST ON THIS BOND. NEITHER ANY OR ALL OF THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF WASHINGTON, THE CITY OF REDMOND OR ANY OTHER MUNICIPAL CORPORATION, QUASI MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THIS BOND.

(b) This Bond is issued pursuant to and in full compliance with the Constitution and laws of the State of Washington, particularly the Act and pursuant to proceedings adopted and approved by the Board of Directors of the Issuer, which proceedings authorize the execution and delivery of this Bond. This Bond and the interest thereon are a limited obligation of the Issuer and are payable solely out of the income and revenue derived from the Loan Agreement and the Letter of Credit, and otherwise as provided in this Bond and the Loan Agreement. Said revenues and property have been and are hereby duly pledged for that purpose, and in addition, the rights of the Issuer under the Loan Agreement have been pledged and assigned to the Payee to secure the payment of such principal and interest under this Bond.

19. No Waiver by Payee. The Payee shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Payee, and then only to the extent specifically set

forth in the writing. A waiver on one event shall not be construed as continuing or as a bar to or waiver of any right or remedy to a subsequent event.

20. Governing Law. This instrument shall be governed by and construed according to the laws of the State of Washington.

21. Miscellaneous. Whenever used, the singular number shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders, and the words "Payee" and "Issuer" shall be deemed to include the respective heirs, personal representatives, successors and assigns of Payee and Issuer. Headings used in this Bond are for convenience of reference only and are not a part of this Bond.

IN WITNESS WHEREOF, the Issuer, intending to be legally bound hereby, has caused this Bond to be executed by its duly authorized officers and has caused its corporate seal to be hereunto affixed, and duly attested, the day and year first above written.

REDMOND PUBLIC CORPORATION

By _____
Chairman, Board of Directors

Attest:

Secretary

(corporate seal)

Accepted:

Vice President
National Bank of Alaska

EME Corporation, a Washington corporation, hereby acknowledges the assignment to the National Bank of Alaska, as Payee, of all of the Issuer's right, title and interest in and to the Loan Agreement and the right to receive the Letter of Credit.

By Robert G. Railton, President

PAYMENT GRID

<u>Date of Payment</u>	<u>Amount of Payment</u>	<u>Amount Credited to Principal</u>	<u>Amount Credited to Interest</u>	<u>Unpaid Principal Balance</u>	<u>Name of Person Making Notation</u>

FOR VALUE RECEIVED,
the undersigned, hereby sells, assigns and transfers unto

(Tax Identification or Social Security
No. _____) the within Bond and all rights thereunder,
and hereby irrevocably constitutes and appoints _____
his legal representative to transfer the within Bond
on the books kept for registration thereof, with full power of
substitution.

Dated: _____

NOTICE: The signature to this assign-
ment must correspond with the name
as it appears upon the face of the
within Bond in every particular,
without alteration or enlargement
or any change whatever.

BOND PURCHASE CONTRACT

Between

REDMOND PUBLIC CORPORATION

(the "Issuer")

and

NATIONAL BANK OF ALASKA

(the "Payee")

and

EMF CORPORATION

(the "Company")

Relating to the issuance and sale of the Redmond Public Corporation of its Industrial Development Revenue Bond (EMF Corporation Project) \$1,000,000 issued to finance an industrial development facility within the City of Redmond.

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REDMOND PUBLIC CORPORATION
INDUSTRIAL DEVELOPMENT REVENUE BOND
(EMF Corporation Project) - \$1,000,000

BOND PURCHASE CONTRACT

Dated: December 7, 1982

Redmond Public Corporation
Redmond, Washington

EMF Corporation
Redmond, Washington

The undersigned, National Bank of Alaska, Anchorage, Alaska (the "Payee"), offers to enter into this Bond Purchase Contract with the Redmond Public Corporation (the "Issuer") and EMF Corporation (the "Company"). The Payee, the Issuer and the Company are, from time to time herein, referred to as the parties.

Capitalized terms used in this Bond Purchase Contract and not otherwise defined herein shall have the meanings given such terms in the Bond referred to below.

1. Purchase and Sale of Bond. Upon the terms and conditions and upon the basis of the representations hereinafter set forth the Payee hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Payee, all of the \$1,000,000 principal amount of its Industrial Development Revenue Bond (EMF Corporation Project) (the "Bond"), at a purchase price of \$1,000,000. The Bond shall be dated December 16, 1982, shall be issued as a single fully registered Bond numbered R-1, in the aggregate principal amount of \$1,000,000, shall bear interest payable on March 1, 1983, and quarterly thereafter on the first days of each March, June, September, and December, and shall mature on December 1 of the following years in principal installments as follows:

<u>Maturity Year</u>	<u>Principal Installment Due</u>
1983	\$100,000
1984	115,000
1985	125,000
1986	140,000
1987	155,000
1988	175,000
1989	190,000

The Bond shall be as described herein and shall be issued pursuant to the loan agreement (the "Loan Agreement") and the assignment of loan agreement (the "Assignment of Loan Agreement"), each dated as of December 1, 1982 in the forms presented to the Issuer on the date hereof and approved by resolution of the Issuer (the "Bond Resolution"), and resolution with only such changes in such documents as shall be made hereafter by mutual agreement of the parties. Pursuant to the Depository Agreement, the Seattle-First National Bank has been appointed Depository for the Bond (the "Depository"). The Bond shall be subject to optional and mandatory redemption as set forth in the form of Bond.

2. Issuance of Bond. The Issuer agrees that the Bond shall be issued pursuant to the Loan Agreement and the Assignment of Loan Agreement approved by the Issuer in its Bond Resolution in substantially the forms previously submitted to the Payee with only such changes therein as shall be agreed upon by the parties.

3. Closing. On December 16, 1982, the Issuer will deliver or cause to be delivered the Bond to the Payee, duly executed on its behalf, together with the other documents herein mentioned; and the Payee will accept such delivery and pay the purchase price for the Bond as set forth in Section 1 hereof by delivering to the Issuer a certified or official bank check or checks payable in immediately available funds to the order of the Issuer.

Payment for and delivery of the Bond as aforesaid shall be made at the offices of Preston, Thorgrimson, Ellis & Holman, Seattle, Washington, or at such other location as is mutually agreed upon. Such payment and delivery are herein called the "Closing."

4. Representations of the Issuer. The Issuer represents to and agrees with the Payee that:

(a) the Issuer is and will be at the date of Closing duly constituted and validly existing under the laws of the State of Washington with the powers and authority, set forth in Chapter 39.84 of the Revised Code of Washington (the "Act");

(b) the execution, delivery and performance by the Issuer of this Bond Purchase Contract, the Loan Agreement, and the Bond have been duly authorized by the Bond Resolution, all of which are in full force and effect and have not been amended, supplemented or modified;

(c) when delivered to and paid for by the Payee at the Closing in accordance with the provisions of this Bond Purchase Contract, the Bond will have been duly executed, authenticated, issued and delivered on behalf of the Issuer and will constitute legal, valid and binding special obligations of the Issuer,

payable only from and secured by payments under the Loan Agreement, and the Letter of Credit and not in any way constituting an obligation or debt or a pledge of the faith and credit of the Issuer;

(d) at the date of the Closing, this Bond Purchase Contract, and the Loan Agreement will have been duly executed and delivered on behalf of the Issuer and will constitute legal, valid and binding obligations of the Issuer in accordance with their respective terms;

(e) the Issuer has full legal right, power and authority to enter into and perform its obligations under this Bond Purchase Contract, the Loan Agreement, and the Assignment of Loan Agreement, to issue the Bond and to carry out and consummate all other transactions contemplated by this Bond Purchase Contract, the Loan Agreement and the Assignment of Loan Agreement, and the Issuer has complied with the provisions of the Act in all matters relating to such transactions;

(f) the execution, delivery and performance by the Issuer of this Bond Purchase Contract, the Loan Agreement, the Assignment of Loan Agreement and the Bond do not contravene or conflict with or result in any violation of the Constitution of the State of Washington or of any provision of applicable law or any judgment, order, decree, rule, regulation, agreement or instrument to which the Issuer is a party or by which it is bound; and

(g) there is no action, suit, proceeding, inquiry or investigation (or, to the best knowledge of the Issuer, any basis therefor) at law or in equity or before or by any court, public body or board pending or threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or the validity, legality, or enforceability of this Bond Purchase Contract, the Loan Agreement, the Assignment of Loan Agreement or the Bond or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated herein.

5. Conditions to Payee's Obligation. The obligations of the Payee hereunder shall be subject to the performance by the Issuer and the Company of their obligations to be performed hereunder at and prior to the Closing, to the accuracy of the representations and warranties of the Issuer and Company herein as of the date hereof and as of the time of the Closing, to the accuracy of the certificates of officials of the Issuer and the Company made pursuant to the provisions hereof, and are also subject, in the discretion of the Payee, to the following conditions:

(a) at the time of Closing, the Reimbursement Agreement, the Loan Agreement, the Assignment of Loan Agreement, and the Letter of Credit shall have been duly authorized, executed and delivered and shall be in full force and effect as valid and binding agreements between or among the various parties thereto and shall not have been amended, modified or supplemented in any respect from the forms approved by the Issuer on this date, except for such changes as are nonmaterial and are agreed to by the parties, and the Issuer shall have duly adopted and there shall be in full force and effect such resolution as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated herein;

(b) at the Closing, the Payee shall receive the approving opinion addressed to the Issuer and Payee of Messrs. Preston, Thorgrimson, Ellis & Holman as Bond Counsel dated the date of Closing in substantially the form of Exhibit A attached hereto;

(c) at the Closing, the Payee shall receive the unqualified opinion addressed to the Issuer and the Payee of Lane Powell Moss & Miller, as Counsel to EMF Corporation, dated the day of the Closing, in substantially the form of Exhibit B attached hereto;

(d) at the Closing the Letter of Credit in the amount of \$1,030,000 will be delivered by Seattle-First National Bank to the National Bank of Alaska as Payee;

(e) at the Closing, the Payee shall receive the unqualified opinion addressed to the Issuer and Payee of counsel to the Bank, dated the date of Closing, in substantially the form of Exhibit C attached hereto;

(f) at the Closing, the Payee shall receive a certificate, dated the day of the Closing and signed by the Chairman and the Counsel to the Issuer, stating that, no litigation or other proceedings are pending or, to the knowledge of any of the signers of such certificate, threatened in any court or other tribunal of competent jurisdiction, state or federal, in any way:

(i) restraining or enjoining the issuance, sale or delivery of the Bond or the application of the proceeds thereof or the payment, collection or application of revenues or the pledge thereof; or

(ii) contesting, questioning or affecting the validity of this Bond Purchase Contract, the Bond, the Loan Agreements, the Assignment of Loan Agreement, or the Depository Agreement; or

(iii) contesting, questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, registration or delivery of the Bond; or

(iv) contesting, questioning or affecting the organization of the Issuer at any time at or prior to the Closing or the legal or corporate existence of the Issuer or the title to their office of the members of the Issuer, or affecting any powers of the Issuer under the statutes of the State of Washington,

and a certificate signed by the Chairman or Authorized Representative of the Issuer setting forth the facts, estimates and circumstances in existence on the date of Closing which establish that it is not expected that the proceeds of the Bond will be used in a manner that could cause the Bond to be "arbitrage bond" within the meaning of Section 103(c) of the Internal Revenue Code and any applicable regulations thereunder.

(g) at the Closing, the Payee shall receive a certificate of the Chairman or Authorized Representative of the Issuer, in form and substance satisfactory to the Payee, dated the date of the Closing, to the effect that (i) all of the representations of the Issuer contained in this Bond Purchase Contract, the Loan Agreement and Assignment of Loan Agreement are true and correct as of the date of the Closing; and (ii) the Issuer has complied with all of the its covenants and agreements in the Loan Agreement and this Bond Purchase Contract required of the Issuer at or prior to the date of the Closing;

(h) At the Closing, the Payee shall receive a certificate or certificates, dated the day of the Closing and signed by the President of EMF Corporation, to the effect that

(i) no litigation or other proceedings are pending or, to the knowledge of any of the signers of such certificate, threatened in any court or other tribunal of competent jurisdiction, state or federal, in any way:

(A) restraining or enjoining the issuance, sale or delivery of any of the Bond or the application of the proceeds thereof or the payment, collection or application of revenues or the pledge thereof; or

(B) contesting, questioning or affecting the validity of the Letter of Credit, Loan Agreement, Reimbursement Agreement and Depository Agreement; or

(C) contesting, questioning or affecting the organization of the Board of Directors of the Company in office at any time on or prior to the Closing or the

legal or corporate existence of the Company, or the title to their office of the members of such Board, or affecting any powers of the Company under the statutes of the State of Washington.

(ii) the resolution of the Company authorizing the execution of the Bond Purchase Contract, the Loan Agreement and the Reimbursement Agreement is in full force and effect as of the date of Closing;

(iii) no event which would constitute an Event of Default under the Loan Agreement shall have occurred and be continuing;

and a certificate of the Company setting forth the facts, estimates and circumstances in existence on the date of Closing which establish that it is not expected that the proceeds of the Bond will be used in a manner that could cause the Bond to be "arbitrage bond" within the meaning of Section 103(c) of the Internal Revenue Code and any applicable regulations thereunder;

(i) at the Closing, the Payee shall receive (i) evidence of the authority of those officers of the Company executing the Reimbursement Agreement, the Loan Agreement, the Assignment of Loan Agreement and this Bond Purchase Contract to perform such acts;

(j) at the Closing, the Payee shall receive without paying any cost therefor, the Bond, executed counterparts of the Letter of Credit, the Loan Agreement, Assignment of Loan Agreement, the Reimbursement Agreement, this Bond Purchase Contract and all ancillary papers; and

(k) at the Closing, the Payee shall receive a placement fee from the Company of twenty-five one-hundredths of one percent (.25%) of the principal amount of the Bond.

The opinions and certificates and other evidence referred to above shall be in form and substance satisfactory to the Payee.

6. Conditions to Issuer's Obligations. The obligations of the Issuer hereunder shall be subject to the performance by the Company and by the Payee of their covenants and obligations to be performed hereunder at and prior to Closing, to the accuracy in all material respects of the representations and warranties of the Company and the Payee herein as of the date hereof and as of the date of the Closing, and shall also be subject, in the discretion of the Issuer, to such additional legal opinions, certificates, proceedings, instruments and other documents or evidence as Bond Counsel or Counsel to the Issuer may request to enable them to deliver the opinions referred to herein, and as they may deem

necessary or desirable to evidence compliance by the Company and Payee with all requisite legal requirements, to evidence the truth and accuracy as of the time of Closing of the respective representations and warranties of the Company and Payee herein contained and the due performance or satisfaction of all covenants to be performed and all conditions to be satisfied by them.

7. Termination.

(a) The Payee may terminate this Bond Purchase Contract by notification to the Issuer and the Company if at any time subsequent to the date of this Bond Purchase Contract and at or prior to the Closing, if either the Issuer or the Company shall be unable to satisfy the conditions to the obligations of the Payee contained in this Bond Purchase Contract, or if the obligation of the Payee to purchase and accept delivery of the Bond shall be terminated for any reason permitted hereunder, or if the Company shall be unable to satisfy the conditions to the obligations of the Issuer hereunder, this Bond Purchase Contract shall terminate and none of the parties shall be under further obligation hereunder (except that the obligation to pay expenses, as hereafter provided, shall survive the termination of this Bond Purchase Contract for whatever reason).

As to the information furnished by the Company pursuant to this Bond Purchase Contract the Issuer is relying on such information in making the Issuer's representations and warranties and, as to all matters of law relating to the Company, the Issuer is relying solely on information furnished by the Company or on the opinion of counsel to the Company. No member of the governing body and no officer or employee of the Issuer shall be individually liable for the breach of any representation, warranty or covenant of the Issuer hereunder except for misrepresentations made with knowledge of their falsity. In no event shall the Issuer be responsible or liable for any breach by the Company of its covenants, warranties or representations herein.

8. Expenses. The Company shall pay (from Bond proceeds or otherwise) the Issuer's fees, and all expenses incurred by the Issuer in connection with the proposed sale of the Bond which are not included in such fees, including, but not limited to: all fees and disbursements of bond counsel, Issuer's counsel and any consultant in respect of any matters contemplated by this Bond Purchase Contract; the initial and annual Letter of Credit fees; and the cost of printing and issuance of the Bond. The Issuer shall be under no obligation to pay any expenses incident to the performance of the obligations of the Payee hereunder. The Payee shall be under no obligation to pay any expenses incident to the performance of the obligations of the Issuer or Company hereunder.

9. Effectiveness. This Bond Purchase Contract is made solely for the benefit of the Issuer, the Company and the Payee (including the successors or assigns thereof) and no other person shall acquire (by assignment or otherwise) or have any right hereunder or by virtue hereof.

10. No Changes, Waivers, Etc. Neither this Bond Purchase Contract nor any provision hereof may be changed, waived, discharged or terminated, except by a statement in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

11. Limitation of State and Issuer Liability. No provision, representation, warranty, covenant or agreement contained in the Loan Agreement, the Bond, or this Bond Purchase Contract binding upon the Issuer, or the breach thereof, shall constitute a general obligation of the State of Washington or the Redmond Public Corporation or a personal obligation of any member, officer, employee or agent of the Issuer, except for a misrepresentation made with knowledge of its falsity by any such person.

12. Governing Law. This Bond Purchase Contract shall be governed by and construed in accordance with the laws of the State of Washington, including, without limitation, those laws applicable to contracts made and to be performed in that state.

The parties hereto evidence their approval of this Bond Purchase Contract by their execution thereof, as follows:

PAYEE: NATIONAL BANK OF ALASKA

By _____
Vice-President

Accepted on: _____

ISSUER: REDMOND PUBLIC CORPORATION

By _____
Chairman, Board of Directors

Accepted on: _____

COMPANY:

EME CORPORATION

By _____
President

Accepted on: _____

Section 103 of the Internal Revenue Code of 1954, as amended (the "Code"). Section 103(b)(6)(A) of the Code provides that an issue of industrial development bonds in the face amount of \$1,000,000 or less may qualify for the exemption of interest from taxation granted by Section 103(a) provided the proceeds are to be used for the acquisition, construction, reconstruction, or improvement of land or property of a character subject to the allowance for depreciation, or to redeem part or all of a prior issue which was issued for such purposes. Under Section 103(b)(6)(B), the face amount of the Bond would also be deemed to include any prior outstanding governmental obligations with respect to other facilities which are located in the City of Redmond, Washington, having the same "principal user" as or a person "related to" (within the meaning of Section 103(b)(6)(C)). The Company has certified that there are no outstanding governmental obligations, the proceeds of which were used with respect to facilities located in the City of Redmond, Washington, which the Company or any related person is the owner, occupant or other principal user.

Officers of the Issuer, responsible for issuing the Bond, and an officer of the Company have executed Certificates stating the reasonable expectations of the Issuer and the Company, respectively, on the date of this issue as to future events that are material for purposes of Section 103(c) of the Code pertaining to arbitrage bonds. We have reviewed such Certificates, and in our opinion the Bond is not an arbitrage bond.

In our capacity as Bond Counsel we have examined such documents, records of the Issuer, and other instruments as we deemed necessary to enable us to express the opinion set forth below, including original counterparts or certified copies of the Bond, the Loan Agreement, the Letter of Credit and the other documents delivered to the Payee as original purchaser of the Bond.

With respect to all matters pertaining to the Company, including, but not limited to, the due authorization, execution and delivery of the Loan Agreement and the Company's power to enter into and perform its obligations thereunder, we have relied on the opinion of Messrs. Lane Powell Moss & Miller, Counsel for the Company, a copy of which opinion has been filed with the Payee. We have conducted no independent investigation of the matters contained in the aforesaid opinion of counsel to the Company.

Based on the foregoing, it is our opinion that:

1. The Issuer is a public corporation of the State of Washington, validly organized and existing under Washington law, with full power and authority under the Act to undertake the Project, to execute, deliver and perform the Loan Agreement and the Assignment and to issue and sell the Bond.

2. The Loan Agreement and the Bond have been duly authorized, executed and delivered by the Issuer and constitute the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally.

3. All right, title and interest of the Issuer in and to the Loan Agreement (except for certain rights to indemnification and payments in respect of administrative expenses of the Issuer) have been validly assigned by the Assignment to the Payee.

4. No registration with the Securities and Exchange Commission under the Securities Act of 1933 need be made in connection with the sale of the Bond to the Payee.

5. Interest on the Bond is exempt from federal income tax under the Code as enacted and construed on the date hereof (except that no opinion is expressed with respect to any period during which the Bond is held by a substantial user of the Project or by a "related person," as such term is defined in Section 103(b)(6)-(C) of the Code).

We call your attention to the fact that the Bond is payable only out of the payments to be made by the Company pursuant to the Loan Agreement, and certain other money available therefor under the Letter of Credit, and that the Bond does not pledge the credit or taxing power of the State of Washington, the City of Redmond, Washington, or any other political subdivision of the State of Washington.

Very truly yours,

PRESTON, THORGRIMSON,
ELLIS & HOLMAN

By

EXHIBIT B

LETTERHEAD OF LANE POWELL MOSS & MILLER

Redmond Public Corporation
Redmond, Washington

National Bank of Alaska
Anchorage, Alaska

RE: Redmond Public Corporation
Industrial Development Revenue Bond
(EMF Corporation Project)
\$1,000,000

Gentlemen:

This opinion is being rendered to you in connection with the issuance by the Redmond Public Corporation (the "Issuer") of its Industrial Development Revenue Bond (EMF Corporation Project), issued as a single fully registered bond, No. R-1 dated December 16, 1982, 1982 in the principal amount of \$1,000,000 (the "Bond"). The Bond is being issued to finance part of the cost of acquiring, land and constructing and installing an industrial development facility (the "Project") by EMF Corporation (the "Company").

The proceeds of the Bond are being lent to the Company by the Issuer pursuant to a Loan Agreement dated as of December 1, 1982 (the "Loan Agreement"). Under the terms of the Loan Agreement, the Company is obligated to make loan repayments in amounts and at times sufficient to pay the principal and interest on the Bond.

The Bond is further secured by an irrevocable standby letter of credit in the initial principal amount of \$1,030,000 (the "Letter of Credit") dated as of December 16, 1982 from Seattle-First National Bank ("Credit Bank") to the Payee (hereinafter defined). The Letter of Credit is issued pursuant to a Reimbursement Agreement dated as of December 1, 1982 between the Company and the Credit Bank.

The Company, the Issuer, and the National Bank of Alaska (the "Payee") have executed a bond purchase agreement dated December 7, 1982 (the "Bond Purchase Contract") wherein the Payee has agreed to purchase the Bond.

We have acted as general counsel for the Company and in connection with the foregoing transactions. As such general counsel to the Company, we are generally familiar with their affairs and

with its existing financial arrangements with their lenders, and as a further basis for this opinion, we have examined such documents as we deemed relevant and necessary as a basis for the opinions hereinafter set forth.

Based upon the foregoing and having a regard for the legal considerations which we deem relevant, we are of the opinion that:

(i) EMF Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Washington; has full power and authority to enter into the Loan Agreement and the Reimbursement Agreement and to own its properties and to carry on its business as now conducted;

(ii) All necessary variances from applicable zoning ordinances, and all building permits and easements or licenses necessary to the construction of the Project have been duly obtained and are in full force and effect;

(iii) No consent, approval, authorization or order of any governmental body is required for the consummation by the Company of the transactions contemplated herein, except such as have been obtained;

(iv) The Loan Agreement, the Reimbursement Agreement, and this Bond Purchase Contract have been duly authorized, executed and delivered by the Company and, assuming their due authorization, execution and delivery by other parties, constitute legal, valid and binding obligations of, the Company enforceable in accordance with their terms (subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and to the application of equitable remedies, if equitable remedies are sought, and except as enforcement thereof may be limited by the applicable securities laws);

(v) Neither the execution and delivery of the Loan Agreement, the Reimbursement Agreement nor the approval of the Bond Purchase Contract and compliance with the provisions hereof and thereof by the Company contravenes its Articles of Incorporation or Bylaws or will result in a breach of any of the terms, conditions or provisions of any corporate restriction or of any agreement, instrument, statute, regulation, court order or decree of which we have knowledge to which the Company is a party or by which it is bound, or constitutes a default under any of the foregoing, or will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Company not permitted under the

terms of any such restriction, agreement, instrument, statute, regulation, court order or decree; and

(vi) The resolution of the Board of Directors of the Company, adopted on December 2, 1982 with respect to the Bond, was duly adopted by such Board, and is a valid action of such Board. Such resolution has not been amended, supplemented or modified since its adoption and is now in full force and effect.