

RESOLUTION NO. 654

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 1983 (KISTLER-MORSE CORPORATION PROJECT), IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,000,000; AND APPROVING THE RESOLUTION OF SAID CORPORATION AUTHORIZING SAID BOND, INCLUDING THE LOAN AGREEMENT AND RELATED DOCUMENTS.

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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. 11 (the "Bond Resolution") adopted on July 19, 1983, has authorized the issuance and sale of a certain issue, amount to \$3,000,000, of its Industrial Development Revenue Bond (Kistler-Morse 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 July 19, 1983, with Kistler-Morse 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, and

WHEREAS, the City Council held a public hearing 14 days after publication of notice in a newspaper in general circulation in the City, and having heard all of those who wished to speak, and having closed said hearing, 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 3. This resolution shall take effect immediately from and after its adoption and approval as required by law.

RESOLVED this 19th day of July, 1983.

CITY OF REDMOND

  
MAYOR, CHRISTINE T. HIMES

ATTEST/AUTHENTICATED:

  
CITY CLERK, PAUL F. KUSAKABE

FILED WITH THE CITY CLERK: July 18, 1983

REDMOND PUBLIC CORPORATION

RESOLUTION NO. 11

A RESOLUTION of the Board of Directors of the Redmond Public Corporation providing for the issuance and sale by the Redmond Public Corporation of its Industrial Development Revenue Bond, Series 1983 (Kistler-Morse Corporation Project), in the principal amount of \$3,000,000, and the loan of the proceeds thereof to Kistler-Morse Corporation; and authorizing the execution, on behalf of the Redmond Public Corporation of said revenue bond and any documents necessary to its issuance and sale.

WHEREAS, the Redmond Public Corporation (the "Public Corporation") has previously approved, by Resolution No. 4 passed on July 27, 1982, the application for financial assistance of Kistler-Morse Corporation ("Kistler-Morse"); and

WHEREAS, Kistler-Morse has met all the requirements of Chapter 300, Laws of 1981 of the Legislature of the State of Washington (Chapter 39.84 RCW) (the "Act"), and the Bylaws and regulations of the Public Corporation to enable the Public Corporation to issue its Series 1983 Bond, the interest on which will be tax exempt, in the principal amount of \$3,000,000 to provide the financial assistance requested by Kistler-Morse; and

WHEREAS, the Public Corporation deems that the proposed Project to be constructed and acquired with the proceeds of the Series 1983 Bond is an "industrial development facility," as defined in the Act, and that the financing of the Project is consistent with the purposes for which this Public Corporation was created; and

WHEREAS, Peoples National Bank of Washington ("PeoplesBank") including in such term the assigns thereof) has agreed to purchase the Series 1983 Bond, in the form set forth herein, subject to all the terms and conditions herein and set forth in the Loan Agreement; and

WHEREAS, the Public Corporation has heretofore submitted to the State Department of Commerce and Economic Development a copy of the enabling ordinance and charter of the Public Corporation and a description of the Project and basis for its qualification as an Industrial Development Facility, and the Public Corporation has received notice from said Department that the Project is eligible for financing pursuant to the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE REDMOND PUBLIC CORPORATION, as follows:

Section 1. Definitions. Except as to the term "Public Corporation," which shall be understood herein as referring only to the Redmond Public Corporation, the terms defined in Article I and elsewhere in the Loan and Security Agreement (the "Loan Agreement"), dated as of the Date of Closing (defined in the Loan

Agreement), between the Public Corporation and Kistler-Morse shall, for all purposes of this Resolution, be incorporated herein by this reference, and shall have the meanings specified in such places, such definitions to be equally applicable to both the singular and plural forms of any of the defined terms.

Section 2. Authorization and Description of the Series 1983 Bond. The Public Corporation hereby authorizes to be issued, pursuant to the Act, its special obligation revenue bond to be designated as the "Redmond Public Corporation Industrial Development Revenue Bond, Series 1983 (Kistler-Morse Corporation Project)" (the "Series 1983 Bond"), in the principal amount of \$3,000,000, dated as of the Date of Closing.

The Series 1983 Bond shall be issued and delivered to PeoplesBank, in accordance with the provisions of the Purchase Contract (defined hereafter).

The principal of the Series 1983 Bond shall be due and payable in the manner and at the times as set forth in Exhibit A attached hereto and made a part hereof by this reference.

Interest on the Series 1983 Bond shall accrue and be due and payable in the manner and at the times set forth in Exhibit A hereto.

The Series 1983 Bond is transferable only upon execution by the Registered Owner thereof of the assignment appearing thereon and delivery of the Series 1983 Bond by such Registered Owner or his duly authorized attorney to the Public Corporation for entry upon the registry books of the Public Corporation and by surrender of the Series 1983 Bond in exchange for new Series 1983 Bond(s) in the same aggregate principal amount and interest rate, registered as to both principal and interest; provided that the Public Corporation shall not be required to effect, permit or recognize any sale, offer for sale, exchange, transfer, assignment, pledge or hypothecation of the Series 1983 Bond (a) unless it is registered under the Securities Act of 1933 or the Securities Act of Washington; or (b) unless the undersigned shall have delivered to the Public Corporation an opinion letter of counsel, satisfactory to the Public Corporation in form and substance, to the effect that such sale, offer for sale, exchange, transfer, assignment, pledge or hypothecation of the Series 1983 Bond does not violate the securities laws of the United States or of any state in which such attempted or effected sale, offer for sale, exchange, transfer, assignment, pledge or hypothecation may have occurred, accompanied by a private placement letter in substantially the same form and containing substantially similar representations as in the private placement letter delivered by PeoplesBank on the Date of Closing, signed by the purchaser, transferee, assignee or pledgee of the Series 1983 Bond.

Section 3. Source of Payment of and Security for the Series 1983 Bond. The principal of and the interest on the Series 1983 Bond shall be payable solely from the sources specified in the Loan Agreement, including, but not limited to, the Loan Repayments made by Kistler-Morse.

The Series 1983 Bond shall not constitute an obligation, either general or special, of the City, nor a general obligation

of the Public Corporation. The Registered Owner of the Series 1983 Bond has no right to require the City or the Public Corporation, nor has the City or the Public Corporation any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal thereof or the interest thereon. Said principal and interest are payable solely and only from the sources specified in the Loan Agreement.

The Series 1983 Bond shall be secured in the manner set forth in the Loan Agreement.

Section 4. Execution of the Series 1983 Bond. The Series 1983 Bond shall be executed on behalf of the Public Corporation with the manual signatures of the Chairman and the Secretary of the Public Corporation.

In the event that either of the officers who shall have signed the Series 1983 Bond shall cease to be officers of the Public Corporation before such Series 1983 Bond shall have been issued by the Public Corporation, such Series 1983 Bond may, nevertheless, be delivered and issued, and upon such delivery and issue, shall be binding upon the Public Corporation as though those officers who signed the same had continued to be such officers of the Public Corporation. The Series 1983 Bond may be signed on behalf of the Public Corporation by such officer who, at the actual date of execution of such Series 1983 Bond shall be the proper officer of the Public Corporation, although on the date borne by the Series 1983 Bond such officer shall not have held such office.

Section 5. Ownership of the Series 1983 Bond. The Public Corporation and Kistler-Morse may deem and treat the Registered Owner of the Series 1983 Bond, as the absolute owner of the Series 1983 Bond for the purpose of receiving payment thereof and for all other purposes whatsoever.

Section 6. Form of the Series 1983 Bond. The form of the Series 1983 Bond shall be substantially as follows:

TRANSFER OF THIS BOND IS RESTRICTED AS PROVIDED HEREIN

REGISTERED

REGISTERED

UNITED STATES OF AMERICA

STATE OF WASHINGTON

REDMOND PUBLIC CORPORATION INDUSTRIAL DEVELOPMENT  
REVENUE BOND, SERIES 1983

(Kistler-Morse Corporation Project)

Number:

R-1

Principal Amount:

\$3,000,000

Registered Owner:

The REDMOND PUBLIC CORPORATION (the "Public Corporation", an authority and instrumentality of and created by the City of

Redmond, Washington (the "City"), acknowledges itself indebted and, for value received, promises to pay to the Registered Owner set forth above, or registered assigns as herein provided, the principal sum of

THREE MILLION DOLLARS (\$3,000,000)

and interest thereon, in lawful money of the United States, as set forth hereafter.

The principal of this Series 1983 Bond shall be due and payable in the manner and at the times set forth in Exhibit A attached hereto and incorporated herein by this reference.

Interest on this Series 1983 Bond shall accrue and be due and payable in the manner and at the times set forth in Exhibit A hereto.

This Series 1983 Bond is a duly authorized special obligation revenue bond of the Public Corporation designated as the "REDMOND PUBLIC CORPORATION INDUSTRIAL DEVELOPMENT REVENUE BOND, SERIES 1983 (Kistler-Morse Corporation Project)" (the "Series 1983 Bond"), in the principal amount of \$3,000,000, dated as of \_\_\_\_\_, 1983.

This Series 1983 Bond is issued pursuant to and in full compliance with Chapter 300, Laws of 1981 of the Legislature of the State of Washington (Chapter 39.84 RCW) (the "Act"), pursuant to Resolution No. 11 of the Public Corporation (the "Resolution"), duly adopted on July 19, 1983, approved by Resolution No. \_\_\_\_\_ of the City, duly adopted on July 19, 1983, and other proceedings duly had and taken in conformity therewith. As authorized by the Act, this Series 1983 Bond is issued for the purpose of providing financing to Kistler-Morse for the acquisition of land, and the construction and equipping of a new facility for the production, assembly and warehousing of electronic products.

The principal of and the interest on this Series 1983 Bond are payable solely from the sources specified in that certain Loan and Security Agreement (the "Loan Agreement"), dated as of \_\_\_\_\_, 1983, between the Public Corporation and Kistler-Morse, including, but not limited to, the Loan Repayments (defined in the Loan Agreement) of Kistler-Morse.

This Series 1983 Bond is secured by the nonrecourse assignment, on the date hereof, of the Public Corporation's rights, title and interests (with certain reservations and exceptions described in the Loan Agreement) in, and delegation of the Public Corporation's duties (with certain exceptions) under, the Loan Agreement to the Registered Owner of this Series 1983 Bond. Among the interests assigned are a lien on the Project Fund (defined in the Loan Agreement) and a deed of trust (the "Mortgage") against Kistler-Morse's Facilities (defined in the Loan Agreement), subject to the parity lien and claim of any Additional Bonds and/or any Parity Debt (defined in the Loan Agreement) later incurred pursuant to the Resolution and the Loan Agreement and subject to Permitted Encumbrances (defined in the Loan Agreement). Reference is hereby made to the Loan Agreement for a description of the representations and the obligations of Kistler-Morse, the security interests granted by Kistler-Morse

and the remedies of the Registered Owner of this Series 1983 Bond.

The Public Corporation reserves the right, upon request of Kistler-Morse, to issue Additional Bonds upon the terms and conditions provided in the Resolution, and Kistler-Morse reserves the right to incur Parity Debt, upon the terms and conditions provided in the Loan Agreement. If issued or incurred, such Additional Bonds and Parity Debt will be payable and secured equally, ratably and on a parity with this Series 1983 Bond, except that Additional Bonds and Parity Debt will have no rights against the Project Fund.

This Series 1983 Bond is transferable only upon execution by the Registered Owner hereof of the assignment appearing hereon and delivery of this Series 1983 Bond by such Registered Owner or his duly authorized attorney to the Public Corporation for entry upon the registry books of the Public Corporation, and by surrender of this Series 1983 Bond in exchange for new Series 1983 Bond(s) in the same aggregate principal amount and interest rate, registered as to both principal and interest; provided, that the Public Corporation shall not be required to effect, permit or recognize any sale, offer for sale, exchange, transfer, assignment, pledge or hypothecation of this Series 1983 Bond (a) unless it is registered under the Securities Act of 1933 or the Securities Act of Washington; or (b) unless the undersigned shall have delivered to the Public Corporation an opinion letter of counsel, satisfactory to the Public Corporation in form and substance, to the effect that such sale, offer for sale, exchange, transfer, assignment, pledge or hypothecation of this Series 1983 Bond does not violate the securities laws of the United States or of any state in which such attempted or effected sale, offer for sale, exchange, transfer, assignment, pledge or hypothecation may have occurred, accompanied by a private placement letter in substantially the same form and containing substantially similar representations as in the private placement letter delivered by the initial Registered Owner of this Series 1983 Bond on the Date of Closing, signed by the purchaser, transferee, assignee or pledgee of this Series 1983 Bond.

In case an Event of Default (defined in the Loan Agreement) occurs, the principal of this Series 1983 Bond and any Additional Bonds and Parity Debt then Outstanding may be declared or may become due and payable prior to the stated maturity hereof and thereof in the manner, with the effect and subject to the conditions provided in the Loan Agreement, but no Registered Owner of this Series 1983 Bond, any Additional Bonds or Parity Debt shall have any right to enforce the provisions of the Loan Agreement except as provided in the Loan Agreement.

This Series 1983 Bond does not constitute an obligation, either general or special, of the City, nor a general obligation of the Public Corporation. The Registered Owner of this Series 1983 Bond has no right to require the City or the Public Corporation, nor has the City or the Public Corporation any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of the principal hereof or the interest hereon. Said principal and interest are payable solely and only from the sources specified in the Loan Agreement.

No recourse shall be had for the payment of the principal or the interest on this Series 1983 Bond, or for any claim based thereon or on the Loan Agreement, against any member or officer, past, present or future, of the City, the City Council or the Public Corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise. All such liability, whether at common law, in equity, by any constitution, statute or otherwise, of members or officers, as such, is hereby released as a condition of and consideration for the execution and delivery of the Loan Agreement and the issuance of this Series 1983 Bond.

It is hereby certified that all acts, conditions and things required by the constitution and statutes of the State and required by ordinances of the City to be done, to have happened and to have been performed precedent to and in the issuance of this Series 1983 Bond have been done, have happened and have been performed as required by law, and that the issuance of this Series 1983 Bond and the Bonds does not violate any State, constitutional or statutory limitation, or City limitation, on bonded indebtedness.

IN WITNESS WHEREOF, the Redmond Public Corporation has caused this Series 1983 Bond to be duly executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 1983.

REDMOND PUBLIC CORPORATION

By \_\_\_\_\_  
Roger I. Trepanier  
Chairman

By \_\_\_\_\_  
John D. Wallace  
Secretary

ASSIGNMENT

For value received, the undersigned Registered Owner does hereby sell, assign and transfer, without recourse, unto \_\_\_\_\_ the within mentioned Series 1983 Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_ to transfer the same on the books of the Redmond Public Corporation, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

Section 7. Additional Bonds. The Public Corporation may in its discretion, upon request of Kistler-Morse, issue one or more series of additional parity bonds or additional parity obligations (the "Additional Bonds") for any one or more of the following purposes:



(a) To finance or refinance the costs of making Improvements or acquiring new Industrial Development Facilities (unless such costs were originally financed with a series of Additional Bonds issued and then Outstanding under this Resolution or Parity Debt incurred and then Outstanding as permitted under the Loan Agreement, either of which may only be refinanced pursuant to Section 7(b) hereof) or for completion purposes described in Section 7(c) hereof, where the amount of the Additional Bonds for completion purposes does not exceed 15% or 20% (as appropriate) of the principal amount of the Series 1983 Bond or any series of Additional Bonds or Parity Debt originally issued to finance the Improvements to be completed;

(b) To the extent permitted by law, to refund or advance refund the Series 1983 Bond or any Additional Bonds issued and then Outstanding under this Resolution and/or any Parity Debt incurred and then Outstanding as permitted under the Loan Agreement; or

(c) To finance the cost or estimated cost of completing Improvements where Bonds or Parity Debt were originally issued or incurred under this Resolution or the Loan Agreement for the Improvements; provided, however, the aggregate principal amount of Additional Bonds or Parity Debt issued to finance the completion of such Improvements shall not exceed either:

(1) Twenty percent (20%) of the principal amount of the Bonds or Parity Debt originally issued or incurred to finance such Improvements, upon receipt by the Public Corporation of a certificate of the Authorized Kistler-Morse Representative to the effect that such completion Bonds are required because of damage to the Improvements caused by strikes, labor troubles, riots, fires, acts of a public enemy, insurrections, acts of God, breakdown or failure of plant or machinery, failure to carry out the provisions hereof due to provisions of law or rules or regulations promulgated by any governmental agency, or any demand or requisition of any government, or from any other cause beyond the control of Kistler-Morse; or

(2) Fifteen percent (15%) of the principal amount of Bonds or Parity Debt originally issued or incurred to finance such Improvements, in all other cases.

All such Additional Bonds shall have a lien equal in rank to that of the Series 1983 Bond against the Facilities (but not the Project Fund), without preference, priority or distinction because of date of issue.

Notwithstanding anything herein to the contrary, no Additional Bonds shall be issued if an Event of Default exists under the Loan Agreement.

Section 8. Conditions Precedent to Issuance of Additional Bonds. Whenever requesting the issuance and delivery of any Additional Bonds, Kistler-Morse shall furnish or cause to be furnished to the Public Corporation, among other things, the following:

(a) Appropriate supplements to this Resolution and appropriate amendments to the Loan Agreement and the Mortgage to accomplish the following purposes, among other things:

(1) Adding to the Facilities described in and subject to the Mortgage any Improvements constructed, or additional Industrial Development Facilities acquired, with the proceeds of such Additional Bonds;

(2) Causing such Additional Bonds to have a lien equal in rank to that of the Series 1983 Bond as described in the penultimate paragraph of Section 7 hereof; and

(3) Causing such Additional Bonds to have the same Loan Repayment dates and the principal and interest payment dates as the Series 1983 Bond; provided, however, that the schedule of maturities and/or mandatory redemption of any Additional Bonds need not be the same as that for the Series 1983 Bond.

(b) A certificate of the Authorized Kistler-Morse Representative approving the issuance and delivery of such Additional Bonds, requesting the Public Corporation to execute and deliver such Additional Bonds to the initial purchasers thereof, and approving any other matters to be approved by Kistler-Morse pursuant to the Loan Agreement.

(c) Evidence that a title insurance company acceptable to the Public Corporation has increased or has committed to increase the title insurance coverage, if any, required under the Loan Agreement to an amount which is not less than the aggregate principal amount of all Bonds and Parity Debt to be Outstanding immediately after the issuance of such Additional Bonds.

(d) A certificate of the Authorized Kistler-Morse Representative stating that no Event of Default then exists under the Loan Agreement, all payments required to be made under the Loan Agreement are current, and no Event of Default will exist under the Loan Agreement upon issuance of such Additional Bonds.

(e) If the Additional Bonds are issued, in whole or in part, for the purposes set forth in Section 7(a) hereof:

(1) A written report of an independent certified public accountant selected by Kistler-Morse and not objected to by the Public Corporation or the Registered Owners of any Outstanding Bonds, based upon the appropriate annual audited or reviewed (at the option of Kistler-Morse) financial reports of Kistler-Morse, stating that Net Income Available for Debt Service in each of the two Fiscal Years preceding the date of issuance of the Additional Bonds proposed to be issued, was equal to at least 125% of Maximum Annual Debt Service on all Funded Debt to be outstanding immediately after issuance of such Additional Bonds; or

(2) Both (A) and (B):

(A) A written report of an independent certified public accountant selected by Kistler-Morse and not objected to by the Public Corporation or the Registered Owners of any Outstanding Bonds, based upon the appropriate annual audited or reviewed (at the option of Kistler-Morse) financial reports of Kistler-Morse, stating that Net Income Available for Debt Service was equal to at least 125% of Maximum Annual Debt Service

on all outstanding Funded Debt (other than bond anticipation notes to be refunded with any portion of the proceeds of the Additional Bonds to be issued) in each of the two Fiscal Years preceding the date of issuance of such Additional Bonds; and

(B) A written report of a Management Consultant, selected by Kistler-Morse and not objected to by the Public Corporation or the Registered Owners of any Outstanding Bonds, based on a financial feasibility study, forecasting that Net Income Available for Debt Service will not be less than 125% of Maximum Annual Debt Service on all Funded Debt to be outstanding after issuance of the Additional Bonds proposed to be issued in each of the two Fiscal Years following the date of issuance of such Additional Bonds (or, if Improvements are to be constructed with any portion of the proceeds of such Additional Bonds, in each of the two Fiscal Years following the Fiscal Year in which the Improvements are expected to be completed).

If the Additional Bonds are proposed to be issued during the latter part of any Fiscal Year and the audited/reviewed financial statements of Kistler-Morse for the preceding Fiscal Year is available, then Net Income Available for Debt Service for the preceding Fiscal Year shall be calculated, for purposes of meeting the requirements of this Section 8(e), based upon the unaudited/interim statement of revenues and expenses for the preceding Fiscal Year prepared by the management staff of Kistler-Morse in accordance with generally accepted accounting principles.

If the Additional Bonds are issued, in whole or in part, for the purpose of refunding or advance refunding Bonds and/or Parity Debt, as described in Section 7(b) of this Resolution,

(1) A certificate of the Authorized Kistler-Morse Representative stating that (i) the Maximum Annual Debt Service on any portion of such Additional Bonds allocable to the refunding or advance refunding purposes will be less than or equal to the Maximum Annual Debt Service on the Bonds and/or Parity Debt to be refunded; or (ii) the total debt service on any portion of such Additional Bonds allocable to refunding or advance refunding purposes will be less than or equal to the total debt service on the Bonds and/or Parity Debt to be refunded; or (iii) the terms, covenants or conditions of the Bonds and/or Parity Debt to be refunded are wholly favorable to Kistler-Morse in the judgment of the board of directors of Kistler-Morse, and such refunding is necessary to prevent Kistler-Morse of such detriment; and

(2) The report of a firm of independent certified public accountants to the effect that either (i) the proceeds of the refunding (including accrued interest but including any premium) of any portion of such Additional Bonds allocable to refunding or advance refunding purposes together with any other funds available for such purpose, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Outstanding Bonds and/or Parity Debt to be refunded and interest which will become due and payable prior to the redemption date; or (ii) from such pro-

ceeds and other sources there shall be purchased and deposited in trust with a corporate fiduciary in the State direct obligations of, or obligations fully guaranteed by, the United States, the principal of and the interest on which when due and payable (or redeemable at the option of the holder thereof) will provide, together with any other moneys which are to be deposited with such fiduciary for such purpose, sufficient moneys to pay the principal of, redemption premium, if any, and interest on the Outstanding Bonds and/or Parity Debt to be refunded in accordance with the refunding plan.

(g) If the Additional Bonds are issued, in whole or in part, for the purposes of completing any Improvements, as described in Section 7(c) of this Resolution:

(1) A statement from an Independent Engineer to the effect that the scope of the Improvements has not changed and giving his estimate of the cost of completing such Improvements; and

(2) A certificate of the Authorized Kistler-Morse Representative to the effect that such Improvements are not complete and cannot be completed with available funds and that available moneys from the proceeds of the Additional Bonds which are issued for completion purposes, together with other available funds, will be sufficient to pay the estimated cost of completing such Improvements.

(h) A certificate of the Authorized Kistler-Morse Representative to the effect that available moneys from the proceeds of the Additional Bonds, together with any additional funds supplied or to be supplied by Kistler-Morse, will be sufficient to pay the estimated costs of construction, acquisition and/or refunding, as the case may be.

(i) The opinion of Bond Counsel to the effect that the interest on the then Outstanding Bonds (including the Additional Bonds) shall be exempt from taxation under Section 103 of the Internal Revenue Code.

Section 9. Acceleration Prior to Maturity. Upon the occurrence of an Event of Default and in accordance with the provisions of Section 9.02 of the Loan Agreement, the principal amount of the Series 1983 Bond may be declared due and payable immediately.

Section 10. Delivery of the Proceeds of the Series 1983 Bond. The proceeds received from the sale of the Series 1983 Bond shall be lent by the Public Corporation to Kistler-Morse as provided in Section 3.02 of the Loan Agreement, and shall be delivered to the Depository Bank to be disbursed solely at the times and in the manner set forth in the Depository Agreement.

Section 11. Nonarbitrage Covenant. The Public Corporation hereby covenants that it will not consent to the use of any part of the proceeds of the Series 1983 Bond or other funds shall be used directly or indirectly to acquire securities or obligations the acquisition of which would cause the Series 1983 Bond to become an "arbitrage bond," as defined in Section 103 of the Internal Revenue Code. In making this covenant, the Public

Corporation is relying upon the covenant of Kistler-Morse set forth in Section 8.10 of the Loan Agreement.

Section 12. Finding as to Tax-Exemption. The Public Corporation hereby finds, as required by the Act, that the interest to be paid on the Series 1983 Bond will be, in its opinion, exempt from taxation by the federal government. The finding is made in reliance upon the opinion of Riddell, Williams, Bullitt & Walkinshaw, attached hereto and made a part hereof by this reference, dated and delivered to the Public Corporation on this date.

Section 13. Sale of the Series 1983 Bond. The Series 1983 Bond herein authorized to be issued shall be sold to PeoplesBank in a negotiated sale at a price of 100% of the principal amount thereof on such other terms, in such manner, as set forth in the Purchase Contract, on such date as shall be determined by the Secretary of the Public Corporation.

Section 14. Approval of Documents. The Public Corporation hereby accepts, approves and agrees to all the terms and conditions of the following documents, in substantially the form provided to the Public Corporation on this date, with such additions, deletions and modifications as are deemed by the Secretary of the Public Corporation to be in the best interests of the Public Corporation, which documents authorize, inter alia, the issuance, sale, execution and delivery of the Series 1983 Bond, the loan of the proceeds thereof to Kistler-Morse for the purpose of providing financing for the Project, and the assignment to the Registered Owner of the Series 1983 Bond of the Public Corporation's rights in various documents as security for the Series 1983 Bond:

(a) The Loan Agreement, including the Depository Agreement, attached as Exhibit C thereto; the Mortgage, attached as Exhibit B thereto; and the Collateral Assignment of Leases and Rents, attached as Exhibit D thereto;

(b) The Purchase Contract, dated July 19, 1983, among the Public Corporation, PeoplesBank and Kistler-Morse; and

(c) All other certificates, documents and other papers which, in the judgment of the Secretary of the Public Corporation are necessary to the issuance, sale, execution and delivery of the Series 1983 Bond, the loan of the proceeds thereof to Kistler-Morse, the accomplishment of the Project and the payment of expenses incurred by the Public Corporation and Kistler-Morse (from the proceeds of the Series 1983 Bond or otherwise) in issuing the Series 1983 Bond.

Section 15. Authorization to Execute and Deliver Documents and the Series 1983 Bond. The Chairman or Secretary of the Public Corporation are hereby authorized and directed to execute, for and on behalf of the Public Corporation, to affix a date thereto and to deliver to the parties entitled thereto executed copies of the same, all of the documents described in Section 14 hereof, with such additions, deletions and modifications as are deemed by such Secretary to be in the best interests of the Public Corporation. The Chairman or Secretary are further authorized to endorse, for and on behalf of the Public Corporation, to the order of PeoplesBank, in trust, as Depository Bank, without recourse, any and all negotiable instruments made payable to the Public Corporation in payment for the Series 1983 Bond.

The Chairman and the Secretary are hereby authorized and directed to execute, for and on behalf of the Public Corporation, the Series 1983 Bond, in substantially the form set forth in this Resolution and in the manner set forth in this Resolution.

Section 16. Severability of Invalid Provisions. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution shall be contrary to law, then such covenant or covenants, such agreement or agreements or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of the remaining provisions of this Resolution or of the Series 1983 Bond.

Section 17. Section Headings. Any headings preceding the texts of the several sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

Section 18. Immediate Effect. This Resolution shall take effect immediately on its adoption.

ADOPTED at an open public meeting, held upon notice duly given as required by law, this 19th day of July, 1983.

REDMOND PUBLIC CORPORATION

By \_\_\_\_\_  
ROGER I. TREPANIER  
Chairman and Director

By \_\_\_\_\_  
ARNOLD J. TOMAC  
Director

By \_\_\_\_\_  
JOHN P. VACHE'  
Director

ATTEST:

\_\_\_\_\_  
Secretary

34ABond:e/jm  
7/18/83

EXHIBIT A

REPAYMENT SCHEDULE

\$3,000,000  
REDMOND PUBLIC CORPORATION  
INDUSTRIAL DEVELOPMENT REVENUE BOND  
(Kistler-Morse Corporation Project)

The Series 1983 Bond shall be due and payable as to both principal and interest in monthly installments, on the first day of each calendar month, as follows:

(a) On the first day of each calendar month, commencing September 1983, through August 1984, inclusive, the sum of \$23,750.00, representing interest only on the outstanding principal balance of the Series 1983 Bond shall be due and payable;

(b) On the first day of each calendar month, commencing September 1984, through August 1987, inclusive, a combined monthly principal and interest payment in the amount of \$26,210.90 shall be due and payable; and

(c) On the first day of each calendar month, commencing September 1987, through August 2009, inclusive, a combined monthly principal and interest payment which shall be level during each calendar month of any given Bond Year and which shall be adjusted annually on the anniversary of the Date of Issue shall be due and payable. (The monthly payments during any given Bond Year during this period shall be determined by calculating the monthly payment necessary to amortize the unpaid principal balance outstanding on the Series 1983 Bond on the first day of each such Bond Year at the rate of interest in effect on such day over the remainder of the 25-year amortization term, which shall commence on September 1, 1984. If and to the extent that the monthly payments fail to fully pay the amount of interest actually due during any given Bond Year, any accrued and unpaid interest shall be paid in full in a lump sum on the earlier of either (i) the first day of the next succeeding Bond Year, (ii) August 1, 2009, or (iii) August 1, 1991, if the Registered Owner of the Series 1983 Bond chooses to require payment of the principal of and interest on the Series 1983 Bond on that date, as hereinafter provided.)

Interest shall accrue on the diminishing principal balance of the Series 1983 Bond from its date through August 1, 1987, inclusive, at the rate of 9.5% per annum (using a 365(6)-day year for the actual number of days outstanding); and thereafter, interest shall accrue on the diminishing principal balance of the Series 1983 Bond, on a fully floating basis (using a 365(6)-day year for the actual number of days outstanding), at a rate equal to 80% of the Prime Rate in effect on the 1st day of each month, until all principal of and interest on the Series 1983 Bond have been repaid in full.

Notwithstanding the foregoing, in the event of a Determination of Taxability, interest on this Series 1983 Bond shall accrue on the diminishing principal balance of the Series 1983 Bond at a rate equal to the Prime Rate plus 2%, in the same

manner, and shall be paid in the same manner and times, as provided herein for accrual and payment of interest prior to a Determination of Taxability; provided, however, that in the event of a Determination of Taxability, the total amount of any interest due retroactively as a result of such Determination of Taxability, which interest has accrued and remains unpaid through the date of receipt by Kistler-Morse of a written demand therefor from the Registered Owner of the Series 1983 Bond, shall, upon the 30th day after receipt by Kistler-Morse of such written demand, become and be immediately due and payable. However, the failure of the Registered Owner of the Series 1983 Bond to give such demand or of Kistler-Morse to receive such demand shall not excuse Kistler-Morse from its obligation to make such payment.

Provided, however, that the Registered Owner of the Series 1983 Bond, at its option, may require the payment of all of the then unpaid principal of the Series 1983 Bond (without premium or penalty), together with all interest then accrued thereon, on August 1, 1991, upon its giving no less than 120 days' advance written notice to the Public Corporation and to Kistler-Morse of such acceleration, by registered or certified mail.

The principal of the Series 1983 Bond is subject to prepayment, without prepayment penalty and without limitation as to the minimum amounts paid, at any time at the option of Kistler-Morse upon its giving no less than 120 days' advance written notice to the Public Corporation and to the Registered Owner of the Series 1983 Bond by registered or certified mail; provided, however, that any prepayment of principal shall be accompanied by all of the interest then accrued on such principal to the date of prepayment; provided further, that no such advance written notice of prepayment shall be required in certain events described in Section 3.05 of the Loan Agreement.

Principal of and interest on the Series 1983 Bond shall be payable at the principal office of the Registered Owner of the Series 1983 Bond or at such other place as such Registered Owner shall designate in written notice given to the Public Corporation and Kistler-Morse.

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7/18/83