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RESOLUTION NO. 666

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, (HELLY-HANSEN (U.S.), INC.), IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,000,000; APPROVING THE RESOLUTION OF THE CORPORATION AUTHORIZING SAID BOND, INCLUDING THE LOAN AGREEMENT AND RELATED DOCUMENTS.

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 pursuant to the provisions of 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. 14 (the "Bond Resolution") adopted on December 29, 1983, has authorized the issuance and sale of a certain issue, amount to \$3,000,000, of its Industrial Development Revenue Bond (Helly-Hansen (U.S.), Inc. 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 30, 1983, with Helly-Hansen (U.S.), Inc. (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 fourteen (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 2. This resolution shall take effect immediately from and after its adoption and approval as required by law.

RESOLVED this 29th day of December, 1983.

CITY OF REDMOND


MAYOR, CHRISTINE T. HIMES

ATTEST/AUTHENTICATED:


CITY CLERK, DORIS A. SCHAIBLE

FILED WITH THE CITY CLERK: December 28, 1983

RESOLUTION NO. 14

OF

REDMOND PUBLIC CORPORATION

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDMOND PUBLIC CORPORATION, AUTHORIZING THE MAKING OF A LOAN TO HELLY-HANSEN (US) INC., FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF INDUSTRIAL DEVELOPMENT FACILITIES BY HELLY-HANSEN (US) INC.; AUTHORIZING THE ISSUANCE OF THE DEVELOPMENT CORPORATION'S \$3,000,000 PRINCIPAL AMOUNT REVENUE BOND, SERIES 1983 (HELLY-HANSEN (US) INC. PROJECT), TO FUND SAID LOAN TO HELLY-HANSEN (US) INC.; PRESCRIBING THE FORM OF A LOAN AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF A BOND PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF AN ASSIGNMENT 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

TABLE OF CONTENTS

(This Table of Contents is not a part of this Resolution
and is only for convenience of reference)

	<u>Page</u>
ARTICLE I	
<u>Definitions</u>	
Section 1.01	Definitions
Section 1.02	Interpretation
ARTICLE II	
<u>Findings of the Issuer</u>	
Section 2.01	Issuer Purposes
ARTICLE III	
<u>Authorization, Terms, Execution and Issuance of Bond</u>	
Section 3.01	Authorized Amount of Bond
Section 3.02	Bond Not a General Obligation of Issuer
Section 3.03	Authorization of Bond
Section 3.04	Execution of Bond; Signatures
Section 3.05	Registration and Exchange of Bond; Persons Treated as Owners
Section 3.06	Lost, Stolen, Destroyed or Mutilated Bond
Section 3.07	Delivery of the Bond; Pledge of Loan Repayments of the Issuer from the Loan
ARTICLE IV	
<u>Disposition of Proceeds of the Bond; Construction Fund</u>	
Section 4.01	Source of Payment of Bond
Section 4.02	Disposition of Proceeds from the Sale of the Bond
Section 4.03	Construction Fund; Disbursements
Section 4.04	Construction of the Project Facilities .

Section 4.05 Repayment to the Company from the
Construction Fund
Section 4.06 Maintenance of Books and Records

ARTICLE V

Covenants of the Issuer

Section 5.01 Performance of Covenants; Authority
Section 5.02 Instruments of Further Assurance
Section 5.03 Payment of Principal, Premium, if any,
and Interest
Section 5.04 Supplemental Resolutions; Recordation
of Resolution and Supplemental
Resolutions
Section 5.05 Lien of Resolution
Section 5.06 Rights Under the Loan Agreement

ARTICLE VI

Redemption of Bond Prior to Maturity

Section 6.01 Redemption of the Bond

ARTICLE VII

Investments

Section 7.01 Investment of Construction Fund
Section 7.02 Sale of Investments
Section 7.03 Depository Duty to Invest

ARTICLE VIII

Default Provisions
and Remedies of Registered Owner

Section 8.01 Events of Default and Remedies

ARTICLE IX

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

Section 9.01 Stipulations and Agreements
Section 9.02 Appointment of Trustee
Section 9.03 Separate Trustee

ARTICLE X

Supplemental Resolutions

Section 10.01 Resolution to Constitute Contract
Section 10.02 Supplemental Resolutions Not Requiring
Consent of Registered Owner
Section 10.03 Supplemental Resolutions Requiring
Consent of Registered Owner, and
Company

ARTICLE XI

Amendments to the Loan Agreement

Section 11.01 Amendments Not Requiring Consent of
Registered Owner
Section 11.02 Amendments Requiring Consent of
Registered Owner

ARTICLE XII

Approval and Execution
of Documents; Effectiveness of Resolution

Section 12.01 Approval
Section 12.02 Execution
Section 12.03 Effectiveness of Resolution

ARTICLE XIII

Miscellaneous

Section 13.01 Consents and Other Instruments of
Registered Owner
Section 13.02 Limitation of Rights
Section 13.03 Severability
Section 13.04 Notices

RESOLUTION NO. 14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDMOND PUBLIC CORPORATION, AUTHORIZING THE MAKING OF A LOAN TO HELLY-HANSEN (US) INC., FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF INDUSTRIAL DEVELOPMENT FACILITIES BY HELLY-HANSEN (US) INC.; AUTHORIZING THE ISSUANCE OF THE DEVELOPMENT CORPORATION'S \$3,000,000 PRINCIPAL AMOUNT REVENUE BOND, SERIES 1983 (HELLY-HANSEN (US) INC. PROJECT), TO FUND SAID LOAN TO HELLY-HANSEN (US) INC.; PRESCRIBING THE FORM OF A LOAN AGREEMENT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF A BOND PURCHASE CONTRACT AND AUTHORIZING THE EXECUTION THEREOF; PRESCRIBING THE FORM OF AN ASSIGNMENT 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 Ch. 39.84 RCW, as amended (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 No. 13, adopted on October 25, 1983, authorized the undertaking of an industrial development facility consisting of the acquisition, construction and installation of facilities for the manufacturing and distribution of clothing products (the "Project Facilities") by Helly-Hansen (US) Inc. (the "Company"); and

WHEREAS, the adoption of Resolution No. 13 by the Issuer was approved by the City Council of the City of Redmond, Washington, by Resolution No. 661, adopted on November 2, 1983; and

WHEREAS, the Company has requested the Issuer to issue and sell its Revenue Bond, Series 1983 (Helly-Hansen (US) Inc. Project) in the aggregate principal amount of \$3,000,000 (the

"Bond"), for the purpose of making a loan to the Company to finance a portion of the Costs of the Project Facilities (hereinafter defined); and

WHEREAS, the Issuer and the Company have agreed to enter into a Loan Agreement (the "Loan Agreement") dated as of December 30, 1983, 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 Loan Agreement, will enter into a Bond Purchase Contract (the "Bond Purchase Contract") with the Rainier National Bank, Seattle, Washington (the "Purchaser"), whereby the Issuer will sell and the Purchaser 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 and duties following the issuance of the Bond to the Purchaser, 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:

"Act" means Chapter 300, Washington Laws of 1981 (Reg. Sess.), codified as Chapter 39.84 RCW, as the same is 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 dated as of December 30, 1983, pursuant to which the Issuer assigns to the Purchaser its right, title and interest in and to the Loan Agreement, the Deed of Trust and Bond (and duties thereunder following the issuance of the Bond).

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

"Bond Purchase Contract" means the Bond Purchase Contract dated as of December 30, 1983 by and among the Issuer, the Purchaser and the Company, which provides for the purchase of the Bond by the Purchaser.

"City" means City of Redmond, Washington, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of Washington.

"Code" means the Internal Revenue Code of 1954, as amended, together with 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 Helly-Hansen (US) Inc., a Washington corporation, and includes its successors and assigns as permitted under the Loan Agreement and this Resolution.

"Completion Date" means the date of completion of the Project Facilities as that date shall be certified as provided in Section 8 of the Bond.

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

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

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

(ii) all costs of acquiring, constructing and installing the Project Facilities (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 Deed of Trust, the Assignment, the Bond and other ancillary documents.

(iv) all legal, accounting, financial, advisory, investment banking, legal investment 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, the Deed of Trust, and any other documents in connection herewith and with any other transaction contemplated by the Loan Agreement or the Bond,

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

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

"Deed of Trust" means the First Deed of Trust, Security Agreement, and Assignment of Leases and Rents dated as of December 30, 1983, from the Company for the benefit of the Issuer.

"Depository" means Rainier National Bank, Seattle, Washington; as depository of the Construction Fund established pursuant to Article IV of this Resolution.

"Depository Agreement" means the Depository Agreement dated as of December 30, 1983, by and among the Issuer, the Company and the Depository.

"Determination of Taxability" means a determination that the interest income on the Bond does not qualify as exempt interest to the Registered Owner or former Registered Owner thereof ("exempt interest") under Section 103 of the Code for any reason other than that such Registered Owner is a "substantial user" of the Project Facilities or a "related person" as defined in Section 103(b)(13) of the Code, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

(i) 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;

(ii) 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

(iii) the date upon which the Internal Revenue Service asserts in writing that such interest is taxable to such Registered Owner in whole or in part or takes any other official action (including without limitation 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 that the interest is no longer tax exempt; or

(iv) the date on which the Registered Owner has been advised by nationally recognized bond counsel that under the facts and circumstances then in existence, interest on this Bond may no longer be exempt from federal income taxation;

(v) the Company or any other "principal user" of the Project Facilities (or any "related person" as defined in Section 103(b)(6)(C) of the Code) shall have paid or incurred capital expenditures in an aggregate amount in the incorporated municipality in which the Project Facilities shall be located so as to cause the aggregate face amount of the Bond to exceed the limitations of Section 103(b)(6)(D) of the Code.

"Documents" means this Bond, the Loan Agreement, the Bond Purchase Contract, the Contingent Purchase Agreement, the Assignment, the Deed of Trust, the Depository Agreement, the Letter of Representation, and the Indemnification and Compensation Agreement.

"Equipment Loan Amount" means the amount equal to Six Hundred Thousand Dollars (\$600,000) less that portion of the principal amount of the Bond loaned to the Company by the Issuer pursuant to the Loan Agreement to be used for the acquisition and installation of that part of the Project Facilities consisting of equipment and personal property, which has been redeemed prior to January 1, 1985.

"Equipment Loan Payment" means the amount equal to the monthly payment of principal including interest that would be necessary at an assumed interest rate of nine and 36/100 percent (9.36%) to fully amortize the Equipment Loan Amount over a five (5) year period commencing on January 1, 1985.

"Events of Default" means those defaults specified in Section 9 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 said corporation.

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

"Loan Agreement" means the Loan Agreement dated as of December 30, 1983, between the Issuer and the Company as supplemented and amended from time to time.

"Loan repayments" means those payments required to be made by the Company pursuant to Article III of the Loan Agreement.

"Official Action Resolution" means Resolution No. 13 of the Issuer adopted on October 25, 1983, pursuant to which the Issuer

agreed to issue revenue bonds for the purpose of financing the Project Facilities.

"Permitted Investments" means (i) 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 two highest rating categories by a nationally recognized rating agency, (iv) corporate bonds (other than bonds 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 which have a combined capital and surplus of at least Fifteen Million Dollars (\$15,000,000) (including the Purchaser and Depository) with respect to any of the foregoing obligations or securities, and (vi) deposits with or Certificates of Deposit in banks (including the Purchaser and Depository) or savings and loan associations which have a combined capital and surplus of at least Fifteen Million Dollars (\$15,000,000).

"Prime Rate" means the per annum rate of interest periodically established by senior management as an interest rate publicly announced from time to time by Rainier National Bank as its prime rate for large commercial customers. Any change in the interest rate on the Bond resulting from a change in the Prime Rate shall be effective on the effective date of each such change in the Prime Rate announced by the Rainier National Bank at its principal office in Seattle, Washington.

"Project Facilities" means the facilities for the manufacturing and distribution of clothing products, to be acquired and constructed by the Company from the proceeds of sale of the Bond, 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 of sale of the Bond. The Project Facilities are generally described in Exhibit A to the Bond.

"Purchaser" means Rainier National Bank, a national banking association, having its principal office at Seattle, Washington, as the original purchaser and Registered Owner of the Bond.

"Real Estate Loan Amount" means the amount equal to Two Million Four Hundred Thousand Dollars (\$2,400,000) less that

portion of the principal amount of the Bond loaned to the Company by the Issuer pursuant to the Loan Agreement to be used for the acquisition and construction of that part of the Project Facilities consisting of the land, building and fixtures, which has been redeemed prior to January 1, 1985.

"Real Estate Loan Payment" means the amount equal to the monthly payment of principal including interest that would be necessary at an assumed interest rate of nine and 36/100 percent (9.36%) to fully amortize the Real Estate Loan Amount over a twenty (20) year period commencing on January 1, 1985.

"Registered Owner" means the Purchaser and any subsequent owner of record of the Bond as reflected on the bond registration books of the Issuer pursuant to the terms of this resolution.

"State" means the State of Washington.

"Trustee" means the Purchaser or such other person or corporation appointed as Trustee, if any, 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

Findings of the Issuer

Section 2.01. Issuer Purposes. The Issuer finds and determines that it will be in furtherance of the purposes of the Act and the Issuer for the Issuer (i) to lend the Company \$3,000,000 for the purpose of financing the Project Facilities; (ii) in order to fund such loan to issue and sell its \$3,000,000 Revenue Bond (Helly-Hansen (US) Inc. Project) under the terms and conditions set forth in this Resolution; (iii) to enter into the Loan Agreement to evidence the Company's obligation to repay said loan as provided therein (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, 7.07, and 7.08 thereof, which will not be assigned and pledged) and the Deed of Trust to the Purchaser. In reliance upon the opinion to be

delivered by Bond Counsel, the Issuer hereby finds that the interest on the Bond will be exempt from federal income taxation.

ARTICLE III

Authorization, Terms, Execution and Issuance of Bond

Section 3.01. Authorized Amount of Bond. No Bond 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 \$3,000,000.

Section 3.02. 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 a bond issue designated as the "Redmond Public Corporation, Revenue Bond (Helly-Hansen (US) Inc. Project)" (the "Bond"). The Bond shall be issued as a single fully registered bond numbered R-1, in the denomination of \$3,000,000, shall be dated as of the date of its execution and delivery to the Purchaser and shall be in substantially the form presented to the Board of Directors at this meeting. The Bond shall bear interest on unpaid principal from the date thereof at a variable rate equal to seventy-two percent (72%) of the Prime Rate. The interest rate to be paid on the Bond shall change as of the effective date of any publicly announced change in the Prime Rate. Interest shall be calculated on the basis of a 360-day year (consisting of twelve (12) months of thirty (30) days each) and the actual number of days elapsed, and shall be payable monthly on the first day of each month commencing on February 1, 1984.

The principal of the Bond shall be payable in monthly installments consisting of Real Estate Loan Payment and the Equipment Loan Payment commencing on January 1, 1985. Said payments shall be applied first to interest and then to principal. The final payment of outstanding principal and accrued interest on the principal amount of the Bond represented by the Real Estate Loan Amount, if not prepaid earlier, shall be due on July 1, 2004. The final payment of the outstanding principal of and accrued interest on the principal amount of the Bond represented by the

Equipment Loan Amount, if not prepaid earlier, shall be due on July 1, 1989. Each such payment of principal of and interest on the Bond shall be made by the Company on behalf of the Issuer as provided in the Loan Agreement to the Registered Owner 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. The Issuer shall have the right to prepay all or any portion of the Bond as hereinafter provided on any interest payment date at a price equal to par plus accrued interest on prepaid principal to the date of such prepayment. The option to prepay this Bond is exercisable upon the direction of the Company. Notice of intent to prepay shall be given to the Registered Owner at least thirty (30) business days prior to the proposed date of prepayment. Any such prepayment shall be applied first to accrued interest, then to premium, if any, and then to the principal installments coming due in inverse order of maturity.

C. Upon one-hundred twenty (120) days prior written notice from the Registered Owner hereof to the Company, the Registered Owner may require the Bond to be redeemed or purchased on July 1, 1989, July 1, 1994, or July 1, 1999, in the manner set forth in the Bond. Upon sixty (60) days prior written notice from the Company, the Company may require the Bond to be sold to any purchaser designated by the Company in accordance with Section 4(c) of the Bond.

D. In the event of a Determination of Taxability, the Bond shall be subject to mandatory redemption at the option of the Registered Owner as set forth in the 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. 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, premium, if any, and interest on the Bond shall be payable only to or upon the order of the Registered Owner 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 in like aggregate principal amount of the Bond surrendered.

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 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 Registered Owner 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 upon notice to the Issuer, provided that such notice shall not be required for any transfer to any affiliate of the Registered Owner, any transfer arising out of any merger or consolidation of the Registered Owner or by operation of law, any transfer to a Trustee in bankruptcy of the Registered Owner, 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 Registered Owner which wishes to transfer the Bond shall furnish to the Issuer an opinion of counsel satisfactory to the Issuer 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. The provisions of this subsection shall not preclude the participation by the Purchaser of undivided interests in the Bond to other banks, in which case the foregoing opinion shall not be required.

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 date and maturity as the lost, stolen, destroyed or mutilated Bond, or (ii) if the 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 Purchaser upon receipt by the Issuer of the following documents:

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

(b) a fully 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 Purchaser setting forth the then current Prime Rate in effect at Rainier National Bank, Seattle, Washington; and

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

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 Purchaser (i) the Issuer's interest in the Loan Agreement (except for the Issuer's rights under Sections 3.06, 6.01 and 7.07 thereof which will not be assigned and pledged), and (ii) the Deed of Trust.

ARTICLE IV

Disposition of Proceeds of the Bond; 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 from the security pledged by the Company.

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 the Purchaser shall be deposited in the Construction Fund established in Section 4.03 hereof.

Section 4.03. Construction Fund; Disbursements. There is hereby created and established with Rainier National Bank acting as depository (the "Depository") a depository fund designated as the "Construction Fund." There shall be retained in the Construction Fund interest and other income received on investments of Construction Fund money. Such proceeds shall be expended to pay the Cost of the Project Facilities 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 Construction Fund for each payment in accordance with Section 4 of the Depository Agreement.

Until the Project Facilities shall have been constructed, acquired and installed and a certificate of completion of the Project Facilities filed as provided in Section 8 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 Construction Fund.

Section 4.04. Construction of the Project Facilities. The completion of the acquisition and construction of the Project Facilities and payment of all the Cost of the Project Facilities shall be evidenced by the filing with the Depository of the certificate required by Section 8 of the Bond. On the interest payment date on the Bond next succeeding the Completion Date, any balance remaining in the Construction Fund shall be applied against the principal due on the Bond as provided in Section 4(b) of the Bond. Notwithstanding any other provision 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 Construction Fund. Any amounts remaining in the 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 Documents shall be paid to the Company upon the expiration or sooner termination of the Loan Agreement.

Section 4.06. Maintenance of Books and Records. The Depository shall keep and maintain adequate records pertaining to the 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 the 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 Deed of Trust 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 Registered Owner 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 Purchaser, pursuant to Section 3.07 hereof all and singular the right, title and interest of the Issuer in the Loan Agreement, 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, Premium, if any, and Interest. The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on the Bond according to the terms hereof. The principal of, premium, if any, and interest on the Bond are payable solely from Loan repayments and other receipts and revenues derived under the Loan Agreement, and from the other security pledged hereby, 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 requested by the Registered Owner 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 Registered Owner and all rights of the Registered Owner hereunder. The Issuer shall not be required to file any security instruments except for those prepared and requested by the Registered Owner.

Section 5.05. Lien of Resolution. The Issuer hereby agrees not to knowingly 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 Registered Owner, 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 Registered Owner or give the Registered Owner some right or privilege, or in any way attempt to confer upon the Registered Owner the ability for the Registered Owner 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 Registered Owner 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 Registered Owner, as assignee of its interest in the Loan Agreement and Deed of Trust, 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 Issuer, 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 Registered Owner, 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 Construction Fund. Any money held as part of the 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 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 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 Registered Owner

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 Purchaser unless and until the Purchaser waives any "due diligence" requirement on the part of the Board of Directors of the Issuer and the Purchaser 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 Registered Owner, and, upon payment of its costs and fees, the Issuer shall adopt a supplemental resolution appointing the Purchaser (or other such person or corporation qualified to act as a Trustee under the Act to be appointed if the Registered Owner is not so appointed) as Trustee, paying agent and Bond registrar for the Registered Owner 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 Documents, the Issuer and the Registered Owner shall have power to appoint an additional institution or individual as Trustee, and upon the request of the Registered Owner, the Issuer shall for such purpose join with the Registered Owner 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 Registered Owner 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 Registered Owner 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 Registered Owner 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 Registered Owner. The Issuer may with the consent of the Company, and with notice to the Registered Owner, 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 Registered Owner 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 Registered Owner any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owner; or

C. for the purposes specified in Article IX hereof.

Section 10.03. Supplemental Resolutions Requiring Consent of Registered Owner and Company.

A. The Registered Owner 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 Issuer and the Registered Owner, or (ii) the creation of any interest prior to or on a parity with the interest of the Registered Owner, or (iii) a reduction in the aggregate principal amount of the Bond without the consent of the Registered Owner.

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 Registered Owner of the Bond and in the case of a proposed supplemental resolution, no resolution affecting the rights of the Company or the Registered Owner shall become effective without the prior written consent to such resolution by the Company and Registered Owner at least fifteen (15) days prior to the proposed date of adoption of any supplemental resolution.

ARTICLE XI

Amendments to the Loan Agreement

Section 11.01. Amendments Not Requiring Consent of Registered Owner. The Issuer and/or the Trustee, if any, may, with notice to the Registered Owner, 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, or (ii) for the purpose of curing any ambiguity or formal defect or omission, which is not materially adverse to the Registered Owner. Notwithstanding the foregoing, to the extent not adverse to the interest of the Registered Owner, the Issuer may, without the consent of, but with prior notice to the Company and the Registered Owner, 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 Registered Owner. 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 Registered Owner 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 following documents (collectively the "Documents") in draft form presented to this meeting are hereby in all respects authorized, approved and confirmed:

- A. the Loan Agreement;
- B. the Assignment;
- C. the Bond Purchase Contract;
- D. the Depository Agreement;
- E. the Bond;
- F. the Deed of Trust; and
- G. the Indemnification and Compensation Agreement.

Pursuant to the Assignment, all right, title and interest in the Loan Agreement, the Bond and the Deed of Trust shall be assigned to the Purchaser except for rights to indemnification and compensation which are hereby specifically retained. The Registered Owner is hereby authorized to exercise all rights granted to the Issuer as Beneficiary under the Deed of Trust.

The Documents shall be in substantially the form as 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 or Acting Chairman and Secretary or Acting 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 including without limitation the appointment of an Authorized Representative.

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 Registered Owner may be signed and executed in any number of concurrent writings of similar tenor and may be signed or executed by such Registered Owner 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 Registered Owner shall bind every future registered owner of the same Bond and the Registered Owner 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 Registered Owner 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 of this Resolution 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 delivered in person or mailed by certified mail, return receipt requested, postage prepaid, and addressed as provided in the Loan Agreement.

ADOPTED AND APPROVED at a special meeting of the Board of Directors held this 29th day of December, 1983.

REDMOND PUBLIC CORPORATION

By 
Chairman, Board of Directors

Attest:


Secretary