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08/13/85

RESOLUTION NO. 716

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 1985, [WEST WILLOWS ASSOCIATES (FORMERLY POPLAR DEVELOPMENT)] IN THE AGGREGATE PRINCIPAL AMOUNT OF \$950,000; AND APPROVING THE RESOLUTION OF THE CORPORATION AUTHORIZING SAID BOND.

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 and 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. 85-8 adopted on June 25, 1985, authorized the issuance and sale of a certain issue in the amount of \$950,000, of its Industrial Development Revenue Bonds for the West Willows Associates project, formerly known and previously processed as the Poplar Development project, (the "Project"), and

WHEREAS, the City Council, by Resolution No. 711, adopted on June 25, 1985, approved the issuance by the Redmond Public Corporation of its nonrecourse revenue bonds as authorized by Resolution No. 85-8 of the Public Corporation, and further approved certain documents and agreements necessary to issue such bonds, and

WHEREAS, changes in the documents and agreements previously approved have made it necessary for the revised documents and agreements and the issuance of bonds for the

Project to be resubmitted to the Public Corporation and the City Council for approval, and

WHEREAS, the Public Corporation, by Resolution No. 85-9 (the "Bond Resolution") has again authorized the issuance and sale of a certain issue in the amount of \$950,000. of its Industrial Development Revenue Bonds for the Project and has approved the revised documents and agreements necessary for such issuance and sale, 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 not less than 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, closed said hearing, and

WHEREAS, the City is the planning jurisdiction within which the proposed industrial development facility lies and the City Council, pursuant to RCW 39.84.060, has determined that all planning requirements of the City for the project have been or may reasonably be expected to be satisfied and that the project should be approved, now, therefore,

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

Section 1. The issuance and sale by the Public Corporation of its nonrecourse industrial revenue bonds in the aggregate amount of \$950,000 for the Project, the Bond

Resolution, and all agreements and documents necessary to issue the Bond therein expressed and approved, are hereby approved in accordance with RCW 39.84.100. A copy of the Bond Resolution, Resolution No. 85-9 of the Public Corporation, is attached hereto and incorporated herein by this reference as if fully set forth.

Section 2. This resolution shall take effect immediately from and after its adoption and approval as required by law.

RESOLVED this 20th day of August, 1985.

CITY OF REDMOND

Doreen Marchione
MAYOR, DOREEN MARCHIONE

ATTEST/AUTHENTICATED:

Doris A. Schaible
CITY CLERK, DORIS A. SCHAIBLE

FILED WITH THE CITY CLERK: August 14, 1985
PASSED BY THE CITY COUNCIL: August 20, 1985
RESOLUTION NO. 716

RESOLUTION NO. 85-9

AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF AN INDUSTRIAL DEVELOPMENT REVENUE BOND (WEST WILLOWS ASSOCIATES PROJECT), THE EXECUTION AND DELIVERY OF AN INDENTURE, LOAN AGREEMENT, BOND PURCHASE CONTRACT, AND CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, Redmond Public Corporation (the "Issuer"), a public corporation and an authority and instrumentality, created under the auspices of the City of Redmond for the specific public purposes authorized by 1981 Washington Laws, Chapter 300 (the "Act") and Ordinance 1060 (the "Ordinance"), is authorized under the provisions of the Act to issue revenue bonds for industrial development purposes; and

WHEREAS, on September 11, 1984, the Board of Directors of the Issuer adopted Resolution No. 20 which indicated its intention to issue its industrial development revenue bonds and loan the proceeds thereof to Poplar Development, now known as West Willows Associates (the "Company"), to finance the construction of certain industrial development facilities to be located in the City of Redmond, Washington (the "Project") and such Resolution was approved by Resolution No. 687 of the Redmond City Council;

WHEREAS, on June 25, 1985, the Board of Directors of the Issuer adopted its Resolution No. 85-8 which authorized the issuance, sale and delivery of its Industrial Development Revenue Bond (West Willows Associates Project), the execution

and delivery of an Indenture, Loan Agreement, Bond Purchase Contract and certain other actions in connection therewith and such Resolution was approved by Resolution No. 711 of the Redmond City Council; and

WHEREAS, the documents referred to above and approved by Resolution No. 85-8 have not been executed on behalf of the Issuer; and

WHEREAS, the Board of Directors of the Issuer has been presented today with forms of the Indenture, Loan Agreement and Bond Purchase Contract containing changes therein from the forms approved by Resolution No. 85-8; and

WHEREAS, the Board of Directors of the Issuer wishes to evidence its approval of the Indenture, Loan Agreement and Bond Purchase Contract in the forms presented to this meeting and attached hereto as Exhibits A, B and C, respectively; and

WHEREAS, the Issuer has determined to authorize the issuance of its Redmond Public Corporation Industrial Development Revenue Bond (West Willows Associates Project), pursuant to this Resolution and the Indenture dated as of August 1, 1985 (the "Indenture") between the Issuer and Rainier National Bank as Initial Registered Owner and Depositary, to obtain funds to finance the Project for the Company pursuant to a Loan Agreement (the "Agreement") dated as of August 1, 1985, between the Issuer and the Company; and

WHEREAS, the Bond will be paid as described in the Indenture and shall constitute a limited obligation of the Issuer as provided in the Indenture and the Act and shall never constitute an obligation of the City of Redmond; and

WHEREAS, the Issuer has determined that financing the Project for the Company and issuing the Bond as hereinafter provided will promote and serve the intended purposes of and in all respects shall conform to the provisions and requirements of the Act, the Ordinance and the Charter of the Issuer; and

WHEREAS, Rainier National Bank (the "Bank") proposes to purchase the Bond pursuant to the terms and conditions of a Bond Purchase Contract dated August 1, 1985 (the "Bond Purchase Contract") between the Issuer and the Bank and approved by the Company;

THE BOARD OF DIRECTORS OF THE ISSUER HEREBY RESOLVES AS FOLLOWS:

SECTION 1. Pursuant to the Act, an industrial development revenue bond of the Issuer, designated as "Redmond Public Corporation Industrial Development Revenue Bond (West Willows Associates Project)" in the aggregate principal amount of \$725,000 (the "Bond"), is authorized to be issued.

SECTION 2. It is hereby determined (a) that based upon the unconditional obligation of the Company in Section 4.3 of the Agreement to make payments sufficient to pay the principal, interest, premium, and expenses, if any, owing on the Bond,

there are sufficient revenues to pay the principal, interest, premium, and expenses, if any, owing on the Bond and (b) that Section 4.4 of the Agreement obligates the Company to maintain the Project and (c) that Section 4.6 of the Agreement obligates the Company to carry all proper insurance with respect thereto. The Agreement in substantially the form presented to this meeting and attached hereto as Exhibit A is hereby approved. The Board hereby specifically finds and declares that the representations of the Issuer set forth in said form of Agreement are true and correct. The Chairman or his duly authorized alternate are each hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver an Agreement in substantially said form, with such changes therein as the officer signing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The Indenture in substantially the form presented to this meeting and attached hereto as Exhibit B is hereby approved. The Chairman or his duly authorized alternate are each hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver to the Initial Registered Owner and Depositary an Indenture in substantially said form, with such other changes therein as the officer signing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery

thereof. The date, maturity date, interest rate or rates, interest payment dates, denomination, form, registration privileges, manner of execution, place or places of payment, terms of redemption, and other terms of the Bond shall be as provided in said Indenture, as finally executed.

SECTION 4. The Bond Purchase Contract between the Issuer and the Bank and approved by the Company in substantially the form presented to this meeting and attached hereto as Exhibit C is hereby approved. The Chairman or his duly authorized alternate are each hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver to the Bank said Bond Purchase Contract in substantially said form, with such changes therein as the officer signing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. The Chairman or his duly authorized alternate are each hereby authorized and directed to execute, in the name and on behalf of the Issuer and under its seal, the Bond in substantially the form attached as Exhibit A to the Indenture, in an aggregate principal amount not to exceed \$725,000 in accordance with the Bond Purchase Contract and the Indenture, and to deliver the Bond to the Bank in accordance with the Bond Purchase Contract, upon payment of the purchase price thereof.

SECTION 6. The Secretary or his duly authorized alternate are each hereby authorized and directed to attest the

signatures of the officers of the Issuer and to affix and attest the seal of the Issuer as may be required in connection with the execution and delivery of any and all certificates, documents and instruments necessary to consummate the issuance and delivery of the Bond in accordance with this Resolution.

SECTION 7. A proposed form of opinion prepared by Perkins Coie, Bond Counsel (the "Bond Counsel") in the form attached hereto as Exhibit D, has been reviewed at this meeting. An opinion of Bond Counsel in substantially the form of Exhibit D shall be dated and signed as of the date of issuance of the Bond. In reliance upon the opinion of Bond Counsel that interest on the Bond will be exempt from federal income taxation, the Board of Directors hereby finds that the interest paid on the Bond will be exempt from income taxation by the federal government.

SECTION 8. Each of the officers of the Issuer is hereby authorized, for and in the name and on behalf of the Issuer, to do any and all things and execute and deliver any and all certificates and documents which they, or any of them, may deem necessary or appropriate in order to consummate the issuance and delivery of the Bond in accordance with this Resolution and resolutions heretofore approved by this Board.

SECTION 9. This Resolution shall be submitted to the Redmond City Council for its approval or disapproval at the next regular meeting thereof. In the event the Redmond City

Council disapproves, this Resolution shall become null and void without further effect.

SECTION 10. This Resolution, subject to the provisions of Section 9, shall take effect immediately upon its adoption.

ADOPTED by the Board of Directors of the Redmond Public Corporation at a regular meeting on August 20, 1985.

REDMOND PUBLIC CORPORATION

Arnold J. Tomac, Director

Roger Trepanier, Director

John P. Vache', Director

[SEAL]

Attest:

John D. Wallace
Secretary

SECRETARY'S CERTIFICATE

I, John D. Wallace, Secretary of Redmond Public Corporation, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Board of Directors of said corporation duly held at the regular meeting place thereof on the 20th day of August, 1985, of which meeting all of the members of said Board of Directors had due notice in accordance with the Bylaws of the corporation and statutes of the State of Washington including the Open Public Meetings Act and at which a quorum was present; and that at said meeting, said Resolution was adopted by the following vote:

AYES: _____
NOES: _____
ABSENT: _____
ABSTAINING: _____

I further certify that I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

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WITNESS my hand and the seal of the Redmond Public
Corporation this 20th day of August, 1985.

John D. Wallace
Secretary

[SEAL]

REDMOND PUBLIC CORPORATION

AND

WEST WILLOWS ASSOCIATES

LOAN AGREEMENT

Dated as of August 1, 1985

The interest of Redmond Public Corporation in this Loan Agreement has been assigned (except for the rights of, and amounts payable to Redmond Public Corporation under Sections 4.2(b), 7.2 and 8.4 hereof) pursuant to the Indenture dated as of the date hereof between Redmond Public Corporation and Rainier National Bank as Initial Registered Owner and Depositary, to the Registered Owner and is subject to the security interest of the Registered Owner.

LOAN AGREEMENT

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of August 1, 1985, between REDMOND PUBLIC CORPORATION (the "Issuer"), a public corporation and an authority and instrumentality created under the auspices of the City of Redmond for the specific purposes authorized by 1981 Washington Laws, Chapter 300, and WEST WILLOWS ASSOCIATES (the "Company"), a Washington general partnership.

RECITALS:

WHEREAS, the Issuer has been created pursuant to 1981 Washington Laws, Chapter 300, as codified in Revised Code of Washington, Chapter 39.84 (the "Act"), with the power to enter into loan agreements for the purpose of providing funds to pay or secure debt service on industrial development revenue bonds; and

WHEREAS, the Issuer proposes to finance all or a portion of the Costs of Acquisition (as hereafter defined) by the issuance of an industrial development revenue bond pursuant to an Indenture dated as of August 1, 1985 (the "Indenture") between the Issuer and Rainier National Bank, as Depositary and Initial Registered Owner; and

WHEREAS, the Issuer proposes to loan the proceeds of such bond to the Company and the Company desires to borrow the proceeds of such bond from the Issuer upon the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Unless the context of this Agreement requires otherwise, all terms defined in the Indenture shall have the same meanings when used herein.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Issuer. The Issuer represents, covenants and warrants that:

(a) The Issuer is a public corporation and an authority and instrumentality, created under the auspices of the City of Redmond for the specific public purposes authorized by the Act. Under the provisions of the Act, the Issuer is authorized to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. The Issuer has been duly authorized to execute and deliver this Agreement and the Indenture.

(b) Subject to all of the terms and conditions of the Indenture the Issuer has agreed to issue the Bond for the purpose of making the Loan to the Company to pay all or a portion of the cost of the Project.

(c) The Issuer has not and will not assign or transfer the amounts derived from this Agreement or the Project (other than amounts payable to Issuer pursuant to Sections 4.2(b), 7.2 and 8.4 hereof) other than to secure the Bond pursuant to the Indenture.

Section 2.2 Representations, Covenants and Warranties of the Company. The Company represents, covenants and warrants to and with the Issuer, to and for its benefit and for the benefit of the Depositary and any Registered Owner, as follows:

2.2.1 Legal Existence, etc. The Company is a general partnership duly formed and validly existing under the laws of the State, and is duly qualified to do business in all jurisdictions in which the conduct of its business or the ownership of property requires such qualification. The Company has all requisite power and authority to carry on its business as presently conducted and to enter into and perform its obligations under the Loan Documents to which it is a party.

2.2.2 Authorization to Borrow. The execution, delivery and performance by the Company of the Loan Documents to which it is a party (a) are within its partnership policies, (b) have been duly authorized by all necessary partnership actions, (c) do not violate or constitute a default under the Company's partnership agreement, or any indenture, mortgage, credit agreement, license or other agreement or instrument to which the Company is a party or by which it is bound, or of any law, judgment, order, decree, rule or regulation applicable to it, and (d) do not require the approval of, or the giving of notice to, any partner or any holder of any indebtedness of the Company. The Loan Documents to which it is a party have been validly executed and constitute legal, valid and binding agreements of the Company enforceable against the Company in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other similar laws or

equitable principles affecting the enforcement of creditors' rights in general.

2.2.3 Financial Statements. All financial statements and related schedules furnished by the Company and its partners to the Initial Registered Owner in connection with the transactions contemplated by the Loan Documents have been prepared in accordance with generally accepted accounting principles consistently applied, and fully and fairly represent the financial condition of the Company and its partners as of the dates and for the periods indicated. Since the date of the latest financial statements delivered to the Initial Registered Owner, there has not been any material adverse change in the business, properties, operations or conditions, financial or otherwise, of the Company or its partners, sufficient to impair the Company's or its partners' ability to perform their obligations under the Loan Documents. The Company agrees to provide annually updated financial statements from each of its partners and a partnership financial statement and tax return to the Depositary and the Registered Owner.

2.2.4 Litigation. Except as has been disclosed in writing to the Initial Registered Owner and the Issuer prior to the execution hereof, there is no action, suit or proceeding pending, or to the knowledge of the Company or any of its partners threatened, against or affecting the Company or any of its partners before any court, administrative agency or other tribunal, domestic or foreign, which, if adversely determined, would materially adversely affect the business, properties, operations or conditions, financial or otherwise, of the Company, or the ability of the Company to perform its obligations under the Loan Documents.

2.2.5 Governmental Authorization. No authorization, consent or approval of any governmental body or agency is required in connection with the execution and delivery by the Company of the Loan Documents to which it is a party or in connection with the carrying out by the Company of its obligations hereunder or thereunder. The Company has investigated and is satisfied that no environmental, zoning or other ordinances, restrictions or agreements of record prohibit the construction, alteration or use of the Project as contemplated by the Company.

2.2.6 ERISA. No employee benefit plan maintained by the Company has incurred any material accumulated funding deficiency within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Company has not incurred any material liability to the Pension Benefit Guaranty Corporation ("PBGC") established under ERISA in

connection with any employee benefit plan. The execution and delivery by the Company of this Agreement and the other Loan Documents do not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Internal Revenue Code. The Company has not incurred any material withdrawal liability to any multiemployer plan, and the Company does not have any material contingent withdrawal liability to any such multiemployer plan under ERISA, as amended by the Multiemployer Pension Plan Amendments Act of 1980.

2.2.7 Disclosure. There is no fact known to the Company which materially adversely affects or in the future may (so far as the Company can now reasonably foresee) materially adversely affect the business, properties, operations or conditions, financial or otherwise, of the Company, which has not been set forth in this Agreement or in the other Loan Documents or in the certificates and statements furnished to the Issuer and the Initial Registered Owner by or on behalf of the Company before the date of this Agreement in connection with the transactions contemplated by the Loan Documents.

2.2.8 Tax Representations and Warranties. The Company acknowledges that the Bond is being issued by the Issuer and will be purchased by the Initial Registered Owner upon the basis of facts and information regarding the past, present and future business and affairs of the Company within the City of Redmond and elsewhere, certain of which facts and information are essential to a determination by Bond Counsel that the interest on the Bond is exempt from federal income taxation on the date of issuance. The Company hereby further warrants, represents and covenants to and with the Issuer, to and for its benefit and for the benefit of the Registered Owner, as follows:

(a) "Substantially all" (as defined in the Code) of the proceeds of the Bond, when lent to the Company pursuant to this Agreement, will be used for the acquisition, construction or improvement of land or property of a character subject to the allowance for depreciation within the meaning of Section 103(b)(6)(A) of the Code.

(b) The Project will be located wholly within the incorporated boundaries of the City of Redmond; the Company and the parties listed on Exhibit D to this Agreement will be the only principal users of the Project within the meaning of Section 103(b)(6) of the Code, unless the Company provides the Registered Owner with an opinion of Bond Counsel satisfactory to the Registered Owner to the effect that the addition of one or more principal users

(such users, together with the Company and the parties listed on Exhibit D to the Agreement shall be referred to as "Users") will not (i) cause the Project to lose its status as an "industrial development facility" under the Act or (ii) cause the interest on the Bond to become subject to federal income taxation; and, there will not be outstanding on the date of delivery of the Bond any obligations of any state, territory or possession of the United States, or any political subdivision of the foregoing or of the District of Columbia, constituting "exempt small issues" within the meaning of the Code, the proceeds of which have been or are to be used primarily with respect to facilities located within the incorporated boundaries of the City of Redmond, or in any contiguous political jurisdiction with respect to any contiguous or integrated facilities, and which are to be used principally by the Company or any other User, including any person "related to" any User within the meaning of Section 103(b)(6)(C) of the Code.

(c) Neither the Company nor any other User, either jointly or severally, nor any "related person" (as defined in the Code) has taken any action or permitted any action to be taken which would result in the occurrence of an Event of Taxability.

(d) The proceeds of the sale of the Bond shall be devoted to and used with due diligence solely for the purpose of acquiring, renovating and equipping the Project.

(e) Money on deposit in any fund or account in connection with the Bond, whether or not such money was derived from other sources, will not be used by or under the direction of any User in a manner which would cause the Bond to be an "arbitrage bond" within the meaning of Section 103(c) of the Code, as the same exists on this date or may from time to time hereafter be amended, supplemented or revised, and the Company specifically agrees that the investment of money in any fund created by the Indenture shall be restricted as may be necessary to prevent the Bond from being an "arbitrage bond" under the Code. If the Project Fund shall not be depleted on or before the day that is six months after the Date of Closing, or if there are any other monies or instruments that constitute "gross proceeds" of the Bond within the meaning of Treasury Regulation 1.103-15AT(b)(6) which will not be expended within the six-month period beginning the Date of Closing, the Depositary shall be entitled to obtain from Bond Counsel approved by the Company an opinion as to the

actions the Company and the Issuer shall be required to take to comply with Section 103(c) of the Code, and the Company shall take such action, including, if required by Bond Counsel, the rebate to the United States of all of the investment earnings on the "gross proceeds", and all earnings attributable to such earnings, in excess of the amount that would have been earned at a rate equal to the yield on the Bond, in accordance with Section 103(c)(6)(D) of the Code. If the Project Fund has not been depleted on November 1, 1985, on or before November 15, 1985 the Company shall provide the Registered Owner and the Depositary with a written statement as to the amount of money remaining in the Project Fund, the anticipated investment earnings thereon, and an estimated schedule for disbursements of all such funds.

(f) No more than 25% of the proceeds of the Bond will be used to provide a facility the primary purpose of which is retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment. No proceeds of the Bond will be used to provide any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboarding, and ice skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility or racetrack.

(g) No portion of the Bond proceeds will be used with respect to a single building, enclosed shopping mall, or a strip of offices, stores, or warehouses using substantial common facilities part or all of which were financed with the proceeds of other issues of tax-exempt bonds pursuant to Section 103(b)(6) of the Code.

(h) The Company will not permit any "test period beneficiary" (within the meaning of Section 103(b)(15)(D) of the Code) to become a User of the Project if such use would cause the aggregate authorized face amount of the Bond allocated to such test-period beneficiary (when increased by the outstanding industrial development bonds of such test-period beneficiary) to exceed \$40,000,000.

(i) No portion of the proceeds of the Bond will be used (directly or indirectly) for the acquisition of land (or an interest thereon) to be used for farming purposes.

(j) No more than 25% of the proceeds of the Bond will be used (directly or indirectly) for the acquisition of land not described in clause (i) hereof.

(k) No portion of the Bond proceeds will be used for the acquisition of any property (or an interest therein) unless the first use of such property is pursuant to such acquisition.

(l) No portion of the Bond proceeds will be used to provide any airplane, sky box, private luxury box, health club facility, facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(m) The Company will not permit the Project to be used, or the proceeds of the Bond to be invested in such a manner as to cause the Bond to be considered guaranteed (in whole or in part) by the United States (or by an agency of instrumentality) within the meaning of Section 103(h) of the Code.

(n) No costs of acquisition, construction, improvement and equipping of the Project were paid or incurred prior to September 11, 1984, the date upon which the Board of Directors of the Issuer passed a resolution of intention agreeing to issue the Bond for the purpose of financing the Costs of Acquisition; and as of September 11, 1984, no on-site work had been commenced in connection with the construction of the Project, and no off-site fabrication of any portion of the Project had been commenced; and prior to September 11, 1984, neither the Company nor any related person had entered into any binding agreement in connection with the acquisition, construction, improvement or equipping of the Project. Prior to September 11, 1985, the Company had not purchased or acquired the burdens and benefits of ownership of any portion of the Project to be financed with the proceeds of the Bond.

(o) The Company covenants that the proceeds of the Bond are to be used only with respect to facilities to be located within the corporate boundaries of the City of Redmond; that the Company and the other Users will be principal users of the Project within the meaning of Section 103(b)(6) of the Code; and that there are no outstanding obligations issued subsequent to April 30, 1968 of any state, territory or possession of the United States of America, or any political subdivision of the foregoing, or of the District of Columbia, the interest on which is

exempt under Section 103(b)(6) of the Code, the proceeds of which have been or are to be used primarily with respect to facilities located within the corporate boundaries of the City of Redmond, and the principal user of which is the Company or any other User within the meaning of Section 103(b)(6)(C) of the Code).

The Issuer and the Company agree to prepare and cause to be filed all statements (including any statements required by the Internal Revenue Service) required to be filed by them, and to take any and all other action necessary in order to maintain the tax-exempt status of the interest on the Bond; provided, however, that this covenant shall not require the Issuer to initiate any action not required by the terms of this Agreement or the Indenture.

2.2.9 Use of Project. The Company covenants that during the Term of Agreement, the Project shall not be used, in whole or in part, except for such businesses as qualify under the Act.

ARTICLE III

ACQUISITION, CONSTRUCTION, IMPROVEMENT AND EQUIPPING OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.1 Agreement to Issue the Bond; Application of Bond Proceeds. In order to provide funds for payment of the Costs of Acquisition, if the terms of the Bond Purchase Contract have been met and the Bond Purchase Contract has been executed, the Issuer, concurrently with the execution and delivery of this Agreement, will issue, sell and deliver the Bond to the Initial Registered Owner and deposit the proceeds thereof with the Depositary as follows:

(a) in the Bond Fund, a sum equal to the accrued interest, if any, paid for the Bond, and

(b) in the Project Fund, the balance of the proceeds to be received from such sale.

Section 3.2 Disbursements by Depositary From The Project Fund. The Issuer has, in the Indenture, delegated to the Depositary the responsibility to make disbursements either directly or to the Company from the the Project Fund to pay the Costs of Acquisition, or to reimburse the Company for any Costs of Acquisition paid by it, upon satisfaction of all conditions set forth in Section 3.3 of this Agreement and in accordance with the procedures set forth in Section 3.4 of this Agreement.

Section 3.3 Conditions to Disbursement. The Registered Owner shall approve no disbursements from the Project Fund unless:

(a) A certificate shall have been furnished to the Registered Owner by the Company to the effect that all representations and warranties of the Company contained in this Agreement are true and correct on and as of the date of such disbursement as though made on and as of such date.

(b) A certificate shall have been furnished to the Registered Owner by the Company to the effect that no Event of Default hereunder shall have occurred and be continuing, and there shall be no event or condition which, with notice or the passage of time or both, would constitute an Event of Default hereunder.

(c) A certificate shall have been furnished to the Registered Owner by the Company to the effect that the Company shall have performed and complied with all agreements and conditions contained herein and required to be performed and complied with by the Company prior to each disbursement of Loan proceeds.

(d) The Company shall have furnished the Registered Owner with such other documents and instruments, in form and substance satisfactory to the Registered Owner, as the Registered Owner may reasonably require in connection with the making of the Loan and the disbursement of Loan proceeds.

Section 3.4 Disbursement Procedures.

3.4.1 General. Moneys in the Project Fund are to be disbursed upon the Registered Owner's approval upon submission of a requisition in the form of Exhibit F attached hereto.

3.4.2 Tenant Improvements. The Registered Owner may, at its option, direct the Depositary to withhold from disbursement amounts sufficient in the judgment of the Registered Owner to complete any work necessary to satisfy a temporary certificate of occupancy and to complete any tenant improvements required by any leases of all or a portion of the Project. The Registered Owner shall have the right to make such inspections of the Project as it deems necessary to enforce its rights hereunder.

3.4.3 Project Free From Liens. No materials, equipment, fixtures, or any other part of the improvements or apparatus to be used in connection therewith, shall be purchased and/or installed under conditional sales agreements or other arrangements wherein the right is reserved or may accrue to anyone to remove and/or repossess any such items. The Company will keep the Project free from liens and claims of all kinds, whether or not superior to the said Deed of Trust.

3.4.4 No Third Party Beneficiary. No provision of this Agreement is made or shall be construed for the benefit of any third party other than the Depositary and the Registered Owner. Inspection by the Registered Owner of construction of said improvements is for the purpose of protecting the security of the Registered Owner, and such inspection is not to be construed as a representation that there will be strict compliance on the part of any contractors or subcontractors with the plans and specifications or that construction will be free from faulty material or workmanship.

Section 3.5 Establishment of Completion Date; Payments and Fund Transfers. The Completion Date shall be evidenced to the Issuer, the Depositary and the Registered Owner by a certificate signed by the Company Representative stating that the Project, including all tenant improvements required by any leases, has been completed and all Costs of Acquisition to be paid or reimbursed out of Bond Proceeds have been so paid or reimbursed. Within 30 days of receipt of such certification, the Depositary shall transfer any funds remaining in the Project Fund to the Bond Fund to be applied to payment of principal on the Bond in inverse order of their maturity within 30 days of such transfer.

Section 3.6 Company Required to Pay in Event Project Fund Insufficient. In the event the moneys in the Project Fund available for payment of the Costs of Acquisition should not be sufficient to pay the Costs of Acquisition in full, the Company agrees to complete the Project (including without limitation all tenant improvements) and to pay that portion of the Costs of Acquisition in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for the payment of the Costs of Acquisition will be sufficient to pay all of the Costs of Acquisition. The Company agrees that, if after exhaustion of the moneys in the Project Fund the Company should pay any portion of the Costs of Acquisition pursuant to the provisions of this Section, the Company shall not be entitled to any reimbursement therefor from the Issuer, the Depositary or the Registered Owner, nor shall the Company be entitled to any diminution of the amounts payable under Section 4.2 hereof.

Section 3.7 Investment of Bond Fund and Project Fund Moneys. Any moneys held as a part of the Bond Fund, the Project Fund or any other fund shall be invested or reinvested by the Depositary in Authorized Investments at the request of and as shall be directed in writing by the Company Representative. The Depositary shall be entitled to an opinion of counsel of its choosing with respect to the legality of any investment direction of the Company upon notice to the Company. The Depositary may make any and all such investments through its own bond department or the bond department of any bank or trust company under common control with the Depositary. All such investments shall at all times be a part of the fund (the Project Fund, the Bond Fund or such other fund, as the case may be) from where the moneys used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and losses thereon shall be charged against, such fund.

Section 3.8 Special Arbitrage Certifications. The Issuer and the Company jointly and severally certify and covenant to each other and to and for the benefit of any Registered Owner that so long as the Bond remains outstanding, moneys on deposit in any fund or account in connection with the Bond, whether or not such moneys were derived from the proceeds of the sale of the Bond or from any other sources, will not be used in a manner which will cause the Bond to be classified as an "arbitrage bond" within the meaning of Section 103(c) of the Code.

ARTICLE IV

LOAN OF PROCEEDS TO THE COMPANY; PAYMENT PROVISIONS

Section 4.1 Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement, to lend to the Company the proceeds received by the Issuer from the sale of the Bond by making a Loan in the principal amount of . Seven Hundred Twenty Five Thousand Dollars (\$725,000). Such proceeds shall be disbursed to or on behalf of the Company as provided in Article III hereof.

Section 4.2 Repayment Obligations of the Company.

(a) The Company agrees to pay to the Issuer amounts sufficient to enable the Issuer to make all payments of principal, interest, premium, and expenses, if any, owing on the Bond as and when the same become due, and all such amounts shall be paid by the Company to the Depositary, in immediately

available funds, for deposit in the Bond Fund on or before each date on which any payment on account of the Bond is due, whether by acceleration or otherwise. The payment terms of the Bond are set forth in the Form of Bond attached as Exhibit A to this Agreement, the terms of which are by this reference incorporated herein.

(b) The Company will also pay the reasonable expenses of the Issuer related to the financing of the Project and issuance of the Bond, and all other costs, expenses, or fees required to be paid pursuant to the Indemnification and Compensation Agreement between the Company and the Issuer.

(c) The Company will also pay the reasonable fees and expenses of the Depositary under the Indenture, such reasonable fees and expenses to be paid directly to the Depositary for its own account as and when such reasonable fees and expenses become due and payable, and any reasonable expenses in connection with any redemption of the Bond.

(d) In the event the Company should fail to make any of the payments required in this Section 4.2, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon, at the rate of interest from time to time borne by the Bond.

Section 4.3 Obligations of the Company Hereunder Unconditional; Payments Assigned and Duties Delegated. The obligations of the Company to make the payments required in Section 4.2 and other sections hereof and to perform and observe the other agreements contained herein and in the Bond shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer, the Registered Owner or the Depositary of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer, the Registered Owner or the Depositary and until such time as the principal of and interest on the Bond, and expenses owing on account of the Bond, if any, shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Company (i) will not suspend or discontinue any payments provided for in Section 4.2 hereof, and (ii) except as provided in Article IX hereof, will not terminate the Term of Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Company to complete the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or

constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Issuer, the Registered Owner or the Depositary to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section 4.3 shall be construed to release the Issuer, the Registered Owner or the Depositary from the performance of any of the agreements on its part herein contained, and in the event the Issuer, the Registered Owner or the Depositary should fail to perform any such agreement on its part, the Company may institute such action against the Issuer, the Registered Owner or the Depositary, as the case may be, as the Company may deem necessary to compel performance so long as such action does not abrogate the obligations of the Company contained in the first sentence of this Section 4.3. The Company may, however, at the Company's own cost and expense and in the Company's own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Company deems reasonably necessary in order to secure or protect the Company's right of possession, occupancy and use hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Issuer in any such action or proceeding if the Company shall so request. The Company acknowledges that contemporaneously with the execution of this Agreement the Issuer has entered into the Indenture and pursuant to the Indenture the Issuer's interest in this Agreement and its rights to receive payments (other than payments due under Sections 4.2(b), 7.2 and 8.4 hereof) have been assigned to the Registered Owner, and Issuer's obligations to make the Loan disbursements hereunder have been delegated to the Depositary.

Section 4.4 Maintenance of Project by the Company;
Removal of Portions of Project.

(a) The Company agrees that at all times during the Term of Agreement, the Company will, at the Company's own expense, maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and that the Company will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals deemed proper and necessary by it. The Issuer shall have no responsibility in

any of these matters or for the making of improvements or additions to the Project.

(b) Neither the Issuer nor the Company shall be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable, inappropriate or unnecessary machinery, equipment or other personal property comprising a part of the Project. In any instance where the Company in its sole discretion determines that any such item of property has become inadequate, obsolete, worn-out, unsuitable, undesirable, inappropriate or unnecessary, the Company may remove such item from the Project and sell, trade in, exchange or otherwise dispose of the same without any responsibility or accountability to the Issuer or the Depositary therefor.

The removal of any property pursuant to the provisions of this Section or for any reason shall not entitle the Company to any diminution in or postponement or abatement of the amounts payable under Section 4.2 hereof.

Section 4.5 Taxes and Governmental and Utility Charges. The Company will pay during the Term of Agreement, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project, including the Project Site, or any building, machinery, equipment or other property acquired by the Company in substitution for, as a renewal or replacement of, or a modification, improvement or addition to, the Project (including, without limiting the generality of the foregoing, any taxes levied upon the Project which, if not paid, will become a charge on amounts derived from this Agreement prior to or on parity with the charge thereon and the pledge or assignment thereof to be created and made in the Indenture), or any interest therein (including Issuer's interest) or the revenues derived therefrom or hereunder, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated to pay only such installments as are required to be paid during the Term of Agreement.

The Company may, at the Company's expense and in the Company's name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest

and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of the Indenture will be materially endangered or the Project or any essential part thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith.

Section 4.6 Provisions Respecting Insurance. The Company agrees during the Term of Agreement to insure or cause to be insured the Project against such risks and in such amounts as are customarily insured against by the Company in its other businesses of like size and type, paying as the same become due all premiums in respect thereto, all in accordance with the provisions of the Deed of Trust.

ARTICLE V

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

In the event of damage, destruction or condemnation of the Project or any portion thereof, the Net Proceeds shall be used as described in the Deed of Trust.

ARTICLE VI

SPECIAL COVENANTS

Section 6.1 No Warranty of Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the Project or the condition thereof, or that the Project will be suitable for the purposes or needs of the Company.

Section 6.2 Access to the Project. The Company agrees that the Issuer, the Depositary and the Registered Owner and their duly authorized agents shall have such rights of access to the Project as may be reasonably necessary to cause to be completed the acquisition, construction, improvement and equipping provided for in Section 3.1 hereof. The Issuer, the Depositary and the Registered Owner and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books and records of the Company with respect to the Project.

Section 6.3 Further Assurances and Corrective Instruments. The Issuer and the Company agree that they will, from time to time, execute, acknowledge and deliver, or cause

to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or for carrying out the expressed intention of this Agreement.

Section 6.4 Issuer and Company Representatives. Whenever under the provisions of this Agreement the approval of the Issuer or the Company is required to take some action at the request of the other, such approval or such request shall be given for the Issuer by the Issuer Representative and for the Company by a Company Representative; the Registered Owner and the Depositary and any party hereto shall be authorized to act on any such approval or request.

Section 6.5 Financial Report. The Company shall furnish to the Depositary from time to time within 60 days of demand therefor, current financial statements of the Company prepared in accordance with generally accepted accounting practices and certified by the Company to be correct.

Section 6.6 Investment Tax Credit. The Issuer agrees that any investment tax credit with respect to the Project or any part thereof shall be made available to the Company, and the Issuer will fully cooperate with the Company in any effort by the Company to avail itself of any such investment tax credit.

ARTICLE VII

ASSIGNMENT, SELLING, LEASING AND INDEMNIFICATION; REDEMPTION

Section 7.1 Assignment, Selling and Leasing. This Agreement may not be assigned nor the Project leased or sold, as a whole or in part, except with the Registered Owner's prior written consent, as provided in the Deed of Trust and subject to each of the following additional conditions:

(a) No assignment, sale or lease shall relieve the Company from primary liability for any obligations hereunder, and in the event of any such assignment, sale or lease the Company shall continue to remain primarily liable for payment of the amounts specified in Section 4.2 hereof and for performance and observance of the other agreements on its part herein provided to be performed and observed by the Company to the same extent as though no assignment, sale or lease had been made.

(b) The assignee, purchaser or lessee shall assume the obligations of the Company hereunder to the extent of the interest assigned or leased.

(c) Use of the Project by the assignee, purchaser or lessee shall be consistent with the purposes of the Act.

(d) Prior to the effective date thereof, the Company shall furnish or cause to be furnished to the Issuer and the Registered Owner a true and complete copy of each assignment, assumption of obligation, contract of sale or lease, as the case may be.

Section 7.2 Release and Indemnification Covenants.

(a) In addition to and not in limitation of its obligations to indemnify the Issuer in accordance with the Indemnification and Compensation Agreement between the Company and the Issuer, the Company shall and hereby agrees to indemnify and save the Issuer, the Registered Owner and the Depositary harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from the conduct or management of, or from any work or thing done on, the Project, including without limitation, (i) any condition of the Project, (ii) any breach or Default on the part of the Company in the performance of any of its obligations under this Agreement, (iii) any act or negligence of the Company or any of its agents, contractors, servants, employees or licensees or (iv) any act or negligence of any assignee or lessee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Company. The Company shall indemnify and save the Issuer, the Registered Owner and the Depositary harmless from any such claim arising as aforesaid, from or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Registered Owner or the Depositary, the Company shall defend them or any of them in any such action or proceeding.

(b) Notwithstanding that it is the intention of the parties hereto that the Issuer shall not incur any pecuniary liability by reason of the terms of this Agreement or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bond, by reason of the execution of the Indenture or by reason of the performance of any act requested of the Issuer by the Company, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the Issuer should incur any such pecuniary liability, then in such event the Company shall indemnify and

hold the Issuer harmless against all claims by or on behalf of any person, firm or corporation or other legal entity arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Company shall defend the Issuer in any such action or proceeding.

Section 7.3 Prepayment and Redemption of Bond. The Company shall have and is hereby granted the option to prepay from time to time, without premium or penalty the sums payable under this Agreement in amounts sufficient to redeem or to pay or cause to be paid all of the Bond in accordance with the provisions of the Indenture and the Bond. Upon the agreement of the Company to deposit moneys in the Bond Fund in an amount sufficient to redeem the Bond, the Issuer, at the request of the Company, shall forthwith take all steps (other than the payment of the money required for such redemption) required of it under the applicable redemption provisions of the Indenture to effect redemption of all the Bond, as may be specified by the Company, on the earliest redemption date on which such redemption may be made under such applicable provisions; provided, however, that the Issuer shall not effect any such redemption unless the Company has deposited or caused to be deposited all payments necessary to effect such redemption. Payments on the Bond shall be applied first to accrued and unpaid interest and then to principal.

Section 7.4 References to Bond Ineffective After Bond Paid. Upon payment in full of the Bond and all fees and charges of the Depositary and all fees and expenses of the Issuer, all references in this Agreement to the Bond and the Depositary shall be ineffective, and neither the Depositary nor the Registered Owner nor the Company shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested or would affect the tax-exempt status of the Bond.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined. The following shall be "Events of Default" under this Agreement, and the terms "Events of Default" and "Default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay the amounts required to be paid under Section 4.2 hereof at the times specified therein; provided, however, that with respect to payments of principal (other than monthly installment payments of principal) on the Loan, the Company shall not be in default hereunder unless an Event of Default under Section 8.01(b) of the Indenture has occurred.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 8.1(a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Company by the Issuer, the Depositary or the Registered Owner, unless the party making such request shall agree in writing to an extension of such time prior to its expiration.

(c) The dissolution or liquidation of the Company or the voluntary initiation by the Company of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Company of any such proceeding which shall remain undismissed for sixty (60) days, or failure by the Company to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Company to carry on its operations at the Project, or assignment by the Company for the benefit of creditors, or the entry by the Company into an agreement of composition with creditors, or the failure generally by the Company to pay its debts as they become due.

(d) The occurrence of an Event of Default under the Indenture.

(e) Determinations by the Registered Owner that the Company has made a false or inaccurate representation or warranty in this Agreement.

(f) Any violation of any of the material terms or conditions of the Deed of Trust or any other agreement or instrument executed by the Company in connection with the Loan.

Section 8.2 Remedies on Default. Whenever any Event of Default referred to in Section 8.1 hereof shall have happened and be continuing, the Issuer or the Registered Owner (or the Depositary as assignee of the Issuer with the written consent of the Registered Owner) may take one or any combination of the following remedial steps:

(a) By written notice to the Company, declare an amount equal to all amounts then due and payable on the Bond, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable hereunder, whereupon the same shall become immediately due and payable;

(b) Have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Company relating to the Project during regular business hours of the Company if reasonably necessary in the opinion of the Registered Owner or the Depositary; and

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under any of the Loan Documents.

Any amounts collected pursuant to action taken under this Section 8.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 8.3 No Remedy Exclusive. No remedy herein is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or any of the Loan Documents or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should Default under any of the provisions of this Agreement and the Issuer, the Depositary or Registered Owner should employ attorneys or incur other expenses for the collection of the amounts payable hereunder or the enforcement of performance or observation of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay the reasonable fees of such attorneys and such other collection expenses.

Section 8.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE IX

CERTAIN MANDATORY PREPAYMENTS OF LOAN

In Section 4.2 hereof the Company has agreed to repay the Loan in amounts sufficient to pay all amounts due and owing at any time on the Bond. The Company acknowledges that it shall be required to make prepayments on the Loan upon the occurrence of certain events as provided in the Form of Bond which is attached hereto and incorporated in its entirety.

ARTICLE X

MISCELLANEOUS

Section 10.1 Term of Agreement. This Agreement shall remain in full force and effect from the date hereof to and including or until such time as the Bond and the fees and expenses of the Issuer, the Depositary and Registered Owner shall have been fully paid, or provision made for such payment, whichever is later.

Section 10.2 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

If to the Issuer:	Redmond Public Corporation 2300 Westin Building 2001 Sixth Avenue Seattle, Washington 98121 Attention: John D. Wallace, Secretary
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If to the Company:	West Willows Associates 900 Poplar Place South Seattle, Washington 98134 Attention: Nick Westlund
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If to the Depositary: Rainier National Bank
P.O. Box 3647
Bellevue, Washington 98009
Attention: David V. Huguenin

If to the
Registered Owner: At the address shown on the
registration book of the Issuer
kept by the Depositary.

A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Company shall also be given to the Depositary and the Registered Owner. The Issuer, the Company, the Depositary and the Registered Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent; however, the identity of the Registered Owner shall be determined only by reference to the registration books of the Issuer kept by the Depositary.

Section 10.3 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the parties, but the Company may not voluntarily transfer or assign any of its rights or obligations hereunder without the prior written consent of the Issuer, the Depositary and the Registered Owner and only in accordance with the provisions of Article VII hereof.

Section 10.4 Acknowledgement. The Company acknowledges that the Depositary's appointment and acceptance thereof is subject to the conditions and limitations on liability contained in Section 9.01 of the Indenture.

Section 10.5 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.6 Amounts Remaining in Bond Fund or Project Fund. It is agreed by the parties hereto that any amounts remaining in the Bond Fund or Project Fund upon expiration or earlier termination of the Term of Agreement, as provided in this Agreement, after payment in full of the Bonds and of the fees and expenses of the Depositary, shall belong to and be paid to the Company by the Depositary as the return of an overpayment of the amounts payable hereunder, subject to the provisions of Section 3.6 hereof.

Section 10.7 Limited Obligation.

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SECURITY DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE STATE OF WASHINGTON, THE CITY OF REDMOND NOR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE IS OBLIGATED TO PAY THE PRINCIPAL OR THE INTEREST HEREON EXCEPT, WITH RESPECT TO THE ISSUER, FROM THE MONEY PLEDGED THEREFOR; NO TAX FUNDS OR GOVERNMENTAL REVENUE MAY BE USED TO PAY THE PRINCIPAL OR INTEREST HEREON; AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY OF REDMOND, OR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST HEREON OR OTHER COSTS INCIDENTAL HERETO.

Section 10.8 Amendments, Changes and Modifications.

Subsequent to the issuance of Bond and prior to its payment in full, and except as otherwise herein expressly provided, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Registered Owner and the Depositary, in accordance with the provisions of the Indenture.

Section 10.9 Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.10 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.11 Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officials. The Company has caused this Agreement to be

executed in its name by its duly authorized partner. All of the above occurred as of the date first above written.

REDMOND PUBLIC CORPORATION

Attest:

By _____

By _____
John D. Wallace
Secretary

[SEAL]

WEST WILLOWS ASSOCIATES

By _____
Partner

By _____
Partner

By _____
Partner

By _____
Partner

By _____
Partner

081485/6622m

EXHIBIT A
FORM OF BOND

081485/6622m

EXHIBIT B
PROJECT SITE

(Insert Legal Description)

081485/6622m

EXHIBIT C
PROJECT FACILITIES

081485/6622m

EXHIBIT D
PRINCIPAL USERS

081485/6622m

EXHIBIT E
FORM OF DEED OF TRUST

EXHIBIT F

FORM OF REQUISITION

This represents Requisition Certificate No. _____
in the total amount of \$ _____ for payment of those Costs
of Acquisition detailed in the attached schedule.

The undersigned certifies that:

1. All representations and warranties of the Company contained in the Loan Agreement and true and correct on and as of the date hereof.

2. No Event of Default under the Loan Agreement has occurred and is continuing, and there exists no event or condition that, with notice or the passage of time or both, would constitute an Event of Default under the Loan Agreement.

3. The Company has performed and complied with all agreements and conditions contained in the Loan Agreement and required to be performed and complied with by the Company prior to each disbursement of Loan proceeds.

4. Substantially all (at least 90%) of the sum of the payment herein requested and all other payments from the Project Fund heretofore made (exclusive of payments applied to the cost of issuance of the Bonds) have been used, as required under Section 103(b)(6) of the Code, to finance the acquisition of Project Facilities that are property of a character subject to the allowance for depreciation under Section 167 of the Code, and no part of the sum of the payment herein requested and all other payments from the Project Fund has been or will be used, directly or indirectly, as working capital or to finance inventory.

5. Delivered herewith are such documents and instruments, in form and substance satisfactory to the Registered Owner, as the Registered Owner may have reasonably required in connection with making the Loan and disbursement of Loan proceeds.

6. After payment of monies hereby requested, there will remain in the Project Fund sufficient funds to complete the Project substantially in accordance with the plans:

- a. Estimated cost of Project: _____
- b. Amounts previously advanced: _____

- c. Amount of this request: _____
- d. Estimated cost to complete Project Facilities: _____
- e. Amount remaining in Project Fund after this advance: _____

Terms capitalized herein have the meanings specified in the Indenture dated as of August 1, 1985, between Redmond Public Corporation and Rainier National Bank.

Executed this ____ day of _____, 19__.

WEST WILLOWS ASSOCIATES

By _____
Company Representative

The Registered Owner hereby approves the payment to the Company of the advance herein requested.

By _____
Its _____

6 6 2 2 m

REDMOND PUBLIC CORPORATION

AND

RAINIER NATIONAL BANK,
as Initial Registered Owner and Depositary

INDENTURE

Dated as of August 1, 1985

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INDENTURE

INDENTURE dated as of August 1, 1985 between REDMOND PUBLIC CORPORATION (the "Issuer"), a public corporation and an authority and instrumentality created under the auspices of the City of Redmond for the specific public purposes authorized by 1981 Washington Laws, Chapter 300 (the "Act"), and RAINIER NATIONAL BANK (as the "Depository" and the "Initial Registered Owner"), a national banking association organized and existing under and by virtue of the laws of the United States, with its principal office located at One Rainier Square, Seattle, Washington.

R E C I T A L S :

A. Pursuant to and in accordance with the provisions of the Act, by appropriate action duly taken by the Board of Directors of the Issuer, and in furtherance of the purposes of the Act, the Issuer proposes to finance all or a portion of the cost of certain industrial development facilities (hereinafter referred to as the "Project") to be acquired, constructed, equipped, improved and owned by West Willows Associates (the "Company"), by the issuance of its industrial development revenue bond (the "Bond") under this Indenture; and

B. The Issuer has undertaken to loan the proceeds from the sale of the Bond to the Company pursuant to the provisions of a Loan Agreement (the "Agreement") between the Issuer and the Company, dated as of the date hereof, which Agreement provides for loan repayments by the Company sufficient to pay when due the principal of and interest on the Bond, and related fees and expenses; and

C. The Issuer and the Registered Owner and the Depository wish to establish the terms and conditions of the Bond under which the Bond shall be issued and repaid.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

The following words and phrases shall have the following meanings:

"Act" means 1981 Washington Laws, Chapter 300, as codified in Revised Code of Washington, Chapter 39.84, as the same may be amended from time to time.

"Agreement" means the Loan Agreement dated as of August 1, 1985 between the Issuer and the Company, and any amendments and supplements thereto.

"Authorized Investments" means any of the following securities:

- (a) Direct obligations of or obligations guaranteed by the United States of America;
- (b) Bonds, debentures or notes or other evidence of indebtedness issued by any of the following agencies: Bank for Cooperatives; Federal Intermediate Credit Bank; Federal Home Loan Bank System; Federal Land Banks; Federal National Mortgage Association; Government National Mortgage Association; or any agency or instrumentality of the United States of America that shall be established for the purposes of acquiring the obligations of any of the foregoing or otherwise providing financing therefor;
- (c) Repurchase agreements, to the extent permitted by law, with any bank, trust company or broker, including the Depositary, selected by the Company and satisfactory to the Depositary, acting as principal or agent, for securities described in (a) and (b) above, if such securities are delivered to the Depositary;
- (d) Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company, or national banking association, including the Depositary, that is a member of the Federal Reserve System and having reported capital and surplus of at least \$50,000,000. Such certificates of deposit shall be purchased directly from such bank, trust company or national banking association which is a member of the Federal Reserve System.

"Bond" means the \$725,000 Redmond Public Corporation Industrial Development Revenue Bond (West Willows Associates Project) to be issued under Resolution Number _____, adopted by the Issuer on _____, 1985, pursuant to the Indenture.

"Bond Counsel" means an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bond Fund" means the fund created in Section 5.02 of the Indenture.

"Bond Purchase Contract" means the Bond Purchase Contract dated as of August 1, 1985 among the Issuer, the Company and Rainier National Bank as Initial Registered Owner.

"Bond Registrar" means the Depositary acting on behalf of the Issuer pursuant to Section 2.05 of the Indenture.

"Business Day" means a day on which banking business is transacted, but not including any day on which banks are authorized to be closed in the city in which the principal office of the Depositary is located.

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

"Company" means (i) West Willows Associates, a Washington general partnership, and its successors and assigns and (ii) any surviving, resulting or transferee organizations as provided in Section 7.1 of the Agreement.

"Company Representative" means the person or persons at the time designated to act on behalf of the Company by written certificate furnished to the Issuer, the Registered Owner and the Depositary containing the specimen signature of such person or persons and signed on behalf of the Company by any general partner.

"Completion Date" means the date of completion of the acquisition, construction, improvement and equipping of the Project, as that date shall be certified as provided in Section 3.5 of the Agreement.

"Costs of Acquisition" with respect to the Project shall be deemed to include those items defined as "Project Costs" as described in the Act and permitted by the Code and may include, but shall not be limited to:

(i) obligations of the Issuer or the Company incurred for labor and materials (including obligations payable to the Company) in connection with the acquisition, improvement or equipping of the Project Facilities, including reimbursement to the Company for all advances and payments made in connection with the Project Facilities subsequent to September 11, 1984;

(ii) all expenses incurred in connection with the issuance of the Bond, including, without limitation, compensation, fees and expenses of the Issuer and the Depositary, compensation to any financial consultants or underwriters, legal fees and expenses, costs of printing and engraving, and recording and filing fees;

(iii) all fees for examination of title or title insurance and for filing any financial statements;

(iv) all costs which the Issuer or the Company shall be required to pay under the terms of any contract or contracts for the acquisition, improvement or equipping of the Project Facilities;

(v) any sums required to reimburse the Company for advances made by the Company for any of the above items or for any other costs incurred and for work done by the Company which are properly chargeable to the Project Facilities and incurred subsequent to September 11, 1984; and

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

"Date of Closing" means the date on which the Bond is delivered to the Initial Registered Owner upon payment of the purchase price therefor.

"Deed of Trust" means the Deed of Trust, Assignment of Rents and Leases, and Security Agreement between the Company as grantor, Safeco Title Insurance Company as trustee and the Issuer as beneficiary.

"Default" and "Event of Default" mean any occurrence or event specified in Section 8.01 of the Indenture.

"Depository" means Rainier National Bank, in its capacity as the Depository under the Indenture, and any successor to its functions as the Depository.

"Determination of Taxability" means:

(i) any determination, decision or decree or the issuance of any private ruling, technical advice or any other written communication by the Commissioner of the Internal Revenue Service or any officer or agent of the Internal Revenue Service competent to make such determinations, or by any court of competent jurisdiction, that the interest payable on the Bond is includable in the gross income of the Registered Owner (other than a Registered Owner who is a "substantial user" or a "related person" within the meaning of Section 103(b)(13) of the Code, or any similar law then in effect) for federal income tax purposes; or

(ii) the delivery of written notice to the Issuer and the Company by the Registered Owner declaring that an Event of Taxability has occurred on a specified date (other than by reason of an event described in subparagraph (i) above), and describing the Event of Taxability, said notice to become effective thirty (30) days after the giving of the same unless prior thereto the Company shall have delivered to the Registered Owner, at the sole cost and expense of the Company, an opinion from Bond Counsel satisfactory to such Registered Owner to the effect that interest on the Bond is exempt from federal income taxation, provided, however, that if such written notice is based solely upon (or a necessary factor for the basis of such notice is) the conclusion that such Registered Owner is a "substantial user" or "related person" within the meaning of Section 103(b)(13) of the Code or any similar law then in effect, no such Determination of Taxability shall be deemed to have occurred in respect of such Registered Owner.

"Event of Taxability" means the occurrence or recognition of a fact or circumstance which causes interest on the Bond to be included in the gross income of the Registered Owner for federal income tax purposes.

"Guaranty" means the guarantee required by Section 2.U. of the Bond Purchase Contract.

"Indenture" means this Indenture dated as of August 1, 1985 between the Issuer and Rainier National Bank, as the Depository and Initial Registered Owner, pursuant to which the Bond is authorized to be issued, including any indenture supplemental hereto.

"Initial Registered Owner" means Rainier National Bank.

"Issuer" means the Redmond Public Corporation, created pursuant to the Act, and any successor entity.

"Issuer Representative" means the person or persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Company and the Depositary containing the specimen signature of such person or persons and signed on behalf of the Issuer by its duly authorized agent. The Issuer Representative may be an employee of the Issuer or the Company.

"Loan" means the \$725,000 loan by the Issuer to the Company that is the subject of the Agreement.

"Loan Documents" means the Agreement, the Bond Purchase Agreement, the Indenture, and the Security Documents.

"Loan Repayments" means all payments received by the Issuer or the Depositary on behalf of the Issuer from the Company under or pursuant to any of the Loan Documents.

"Net Proceeds," when used with respect to any insurance proceeds from policies required by Section 4.6 of the Agreement or any condemnation award, means the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"Person" means any natural person, firm, association, corporation or public body.

"Prime Rate" means the interest rate established periodically by senior management of Rainier National Bank as its large corporation lending rate and published from time to time as Rainier National Bank's prime rate, which rate may not be the lowest or best rate charged by Rainier National Bank.

"Project" means, collectively, the Project Facilities and the Project Site.

"Project Facilities" means (i) the facilities described in Exhibit C to the Agreement, consisting of the building and structures related thereto and those items of fixtures, machinery, equipment and other tangible personal property acquired with the proceeds of the sale of the Bond or the proceeds of any payment by the Company pursuant to the provisions of Section 3.6 of the Agreement and (ii) any item of machinery, equipment or other tangible property acquired in

substitution for, or as a renewal or replacement of, or a modification or improvement to, any property described in (i) above, pursuant to the provisions of the Agreement. Nothing herein is intended to affect the status or classification of any property for taxation or any other purpose under the laws of the State.

"Project Fund" means the fund created in Section 5.06 of the Indenture.

"Project Site" means the real estate described in Exhibit B to the Agreement on which the Project Facilities will be situated, which real estate is owned by the Company, and any other interests in real property, leasehold interests, easements, licenses and rights in real property hereafter acquired by the Company for use in connection with the Project, less any interests in real property, easements, licenses, rights of way or similar rights and privileges taken by the exercise of the power of eminent domain.

"Registered Owner" means Rainier National Bank, as Initial Registered Owner, and any subsequent Registered Owner of any Bond as reflected on the registration books maintained by the Depository pursuant to Section 2.05 of the Indenture.

"Security" means the revenues (including Loan Repayments), funds, rights and interests specified in Section 4.01 of the Indenture.

"Security Documents" means, collectively, the Deed of Trust, the Guaranty, and any other agreement, instrument or document given by the Company or any of its partners to secure any of the Company's obligations under the Agreement.

"State" means the State of Washington.

"Term of Agreement" means the term of the Agreement as specified in Section 10.1 of the Agreement.

ARTICLE II

THE BOND

Section 2.01 Authorized Amount of Bond. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued is hereby expressly limited to \$725,000.

Section 2.02 Designation and Form of Bond. The Bond shall be issued as a single fully registered bond and shall be designated "Redmond Public Corporation Industrial Development Revenue Bond (West Willows Associates Project)". The Bond shall be in the Form of Bond attached hereto as Exhibit A, the terms of which are by this reference incorporated herein.

Section 2.03 Execution. The Bond shall be executed on behalf of the Issuer with the facsimile or manual signature of its duly authorized officer and shall have impressed or imprinted thereon the official seal of the Issuer and be attested with the manual signature of the Secretary of the Issuer. All authorized facsimile signatures shall have the same force and effect as if manually signed. In case any officer whose signature or facsimile shall appear on the Bond shall cease to be such officer before the delivery of such Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

Section 2.04 Limited Obligation. The Bond shall not be a general obligation of the Issuer but a limited obligation payable solely from the Security and shall be a valid claim of the Registered Owner thereof only against the Security. A statement in substantially the following form shall be printed on the face of the Bond:

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SECURITY DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE STATE OF WASHINGTON, THE CITY OF REDMOND NOR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE IS OBLIGATED TO PAY THE PRINCIPAL OR THE INTEREST HEREON EXCEPT, WITH RESPECT TO THE ISSUER, FROM THE MONEY PLEDGED THEREFOR; NO TAX FUNDS OR GOVERNMENTAL REVENUE MAY BE USED TO PAY THE PRINCIPAL OR INTEREST HEREON; AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY OF REDMOND, OR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST HEREON OR OTHER COSTS INCIDENTAL HERETO.

Section 2.05 Registration of Bonds. The Depositary shall maintain books for the registration and for the transfer of the Bond as provided in this Indenture and the Depositary is hereby constituted and appointed the Bond Registrar of the Issuer. The principal of or interest on the Bond shall be payable only to or upon the order of the Registered Owner or his or her legal representative.

Section 2.06 Exchange of Bonds. Bonds may be exchanged at the principal office of the Depositary for a like aggregate principal amount of Bonds of other authorized denominations of the same series and the same maturity. Upon surrender for transfer of the Bond at the principal office of the Depositary, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his or her attorney duly authorized in writing, the Issuer shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount. It is contemplated by the parties hereto that during the Term of Agreement there shall be a single Registered Owner of all Bonds comprising this issue. If the Initial Registered Owner or any Registered Owner shall make a request to the Depositary to exchange Bond R-1 for multiple Bonds pursuant to this Section 2.06 and request transfer of said Bonds, the Depositary shall be entitled to request advice of Bond Counsel whether this Indenture need be amended and shall request such advice if requested by the Company and the cost of such advice shall be borne by the Registered Owner making such request for exchange or transfer. The Depositary shall require the payment by the Registered Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture, the cost of preparing the Bonds and any other expenses of the Issuer or the Depositary incurred in connection therewith (except any applicable tax, fee or other governmental charge and except as hereinbefore provided) shall be paid by the Company pursuant to the Agreement. The Depositary shall not be required to transfer or exchange the Bond during the period of 15 days next preceding any interest payment date on the Bond.

Section 2.07 Persons Treated as Owners. The Person in whose name a Bond shall be fully registered shall for all purposes of this Indenture be deemed the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of, or redemption price, if any, of and interest on such Bond and for all other purposes, and all such payments made to any such Registered Owner or upon his or her order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Depositary shall be affected by any notice to the contrary. Any Registered Owner may designate a nominee in whose name such Bond may be registered.

Section 2.08 Replacement Bond. In the event the Bond is mutilated, lost, stolen or destroyed, the Issuer shall at the request of the Registered Owner execute a replacement bond in compliance with Revised Code of Washington § 39.72.010.

ARTICLE III

REDEMPTION OF BOND BEFORE MATURITY

The Bond is subject to mandatory and optional redemption at the times and in the manner specified therein.

ARTICLE IV

GENERAL COVENANTS

Section 4.01 Payment of Principal and Interest. The Issuer covenants that it will promptly pay the principal of and interest on the Bond issued under this Indenture at the place, on the dates and in the manner provided therein, but solely from the following sources:

(i) all Loan Repayments received by the Issuer under the Agreement, which Loan Repayments are to be paid directly by the Company to the Depositary and deposited in the Bond Fund;

(ii) all moneys in the Bond Fund and the Project Fund, including the proceeds of the Bond pending disbursement thereof;

(iii) all of the proceeds of the foregoing, including without limitation, investments thereof;

(iv) all of the Issuer's rights and interest in the Loan Documents, including the right to receive all payments thereunder, subject to reservation by the Issuer of the right to make all determinations and approvals and to receive all notices accorded to it under the Agreement and to enforce in its name and for its own benefit the provisions of the Agreement with respect to Issuer fees and expenses, and public liability insurance proceeds and indemnity payments owing to the Issuer.

The foregoing are collectively the "Security," and in consideration of the purchase of the Bond and to secure payment of the principal of and interest on the Bond and any other cost or pecuniary liability of the Issuer relating to the Bond or

any proceeding, document or certification incidental to the issuance of the Bond, and to secure performance and observance of all covenants, terms and conditions upon which the Bond is to be issued, including without limitation this Indenture, the Issuer, without warranty, hereby conveys, assigns and pledges all of its right, title and interest in, and grants a security interest in, the Security to the Registered Owner for the benefit of the Registered Owner and its successors and assigns, and hereby delegates to the Depositary all of the Issuer's duties under the Agreement. The Depositary acknowledges and accepts the foregoing assignment and delegation from the Issuer.

The Depositary hereby covenants to provide directly to the Company for the benefit of the Issuer an invoice prior to the date on which any principal or interest on the bond is due for any reason, setting forth the date and the amount of principal and interest that is due and payable.

Section 4.02 Performance of Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and in the Agreement, in the Bond executed and delivered hereunder and in all of its proceedings pertaining hereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bond authorized hereby and to execute this Indenture, to assign the Agreement and to assign the Security in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bond and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bond in the hands of the Registered Owner is and will be a valid and enforceable obligation of the Issuer according to the terms thereof and hereof, subject to applicable bankruptcy, insolvency, moratorium and similar laws affecting the rights of creditors generally.

Section 4.03 Instruments of Further Assurance. The Issuer will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Registered Owner may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Registered Owner all and singular the amounts assigned for the payment of the principal of and interest on the Bond. The Issuer, except as provided herein and in the Agreement, will not sell, encumber or otherwise dispose of any part of the amounts, revenues and receipts payable under the Agreement or its rights under the Agreement.

Section 4.04 Inspection of Project Books. All books and records in the Issuer's possession relating to the Project and the amounts derived from the Agreement shall at all reasonable times be open to inspection by such accountants or other agents as the Registered Owner may from time to time designate.

Section 4.05 Rights Under Agreement. The Agreement, a duly executed counterpart of which has been filed with the Depositary, sets forth the covenants and obligations of the Issuer and the Company, including provisions that subsequent to the issuance of the Bond and prior to its payment in full or provision for payment thereof in accordance with the provisions hereof the Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Registered Owner and the Depositary, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Company thereunder, and the Issuer agrees that the Registered Owner in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Company under and pursuant to the Agreement whether or not the Issuer is in Default hereunder.

Section 4.06 Amendments. This Indenture may be amended by the Issuer and the Registered Owner and the Depositary, provided, however, that no amendment that would adversely affect the rights or obligations of the Company under the Agreement shall be valid unless the Company shall have consented in writing to such amendment.

ARTICLE V

REVENUES AND FUNDS

Section 5.01 Source of Payment of Bond. The Bond herein authorized and all payments by the Issuer hereunder are not general obligations of the Issuer but are limited obligations payable solely from the Security as provided in Section 2.04 hereof.

The proceeds of the Bond have been loaned and the payments provided in Section 4.2(a) of the Agreement are to be remitted directly to the Depositary for the account of the Issuer and deposited in the Bond Fund.

Section 5.02 Creation of Bond Fund. There is hereby created by the Issuer and ordered established with the Depositary a fund to be designated "Redmond Public Corporation Industrial Development Revenue Bond Fund, West Willows Associates Project" (the "Bond Fund"), which shall be used to pay when due the principal of and interest on the Bond.

Section 5.03 Payments Into Bond Fund. There shall be deposited into the Bond Fund all accrued interest received, if any, at the time of the issuance, sale and delivery of the Bond. In addition, there shall be deposited into the Bond Fund, as and when received, (a) any amount in the Project Fund directed to be paid into the Bond Fund in accordance with the provisions of the Agreement; (b) all Loan Repayments under the Agreement including all proceeds resulting from the enforcement or realization of the Security; (c) insurance proceeds as provided in the Agreement; and (d) all other moneys received by the Depositary under and pursuant to any of the provisions of the Agreement which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Issuer hereby covenants and agrees that so long as the Bond issued hereunder is outstanding it will deposit, or cause to be paid to the Depositary for deposit in the Bond Fund for its account, sufficient sums to promptly pay when due the principal of and interest on the Bond as the same become due and payable, but solely from amounts paid under and pursuant to the Agreement.

Section 5.04 Use of Moneys in Bond Fund. Moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bond when due at any time whether at maturity, or upon acceleration or for the redemption of the Bond prior to maturity; provided, however, that any amounts transferred from the Project Fund to the Bond Fund following the Completion Date of the Project as defined and provided in Section 3.5 of the Agreement shall only be used to pay principal on the Bond in inverse order of installments remaining due on the Bond, as provided in Section 5.08 hereof. All funds deposited in the Bond Fund will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from investment of funds held in the Bond Fund will be spent within a one-year period beginning on the date of receipt. Money in the Bond Fund will be depleted on July 1 of each year.

Section 5.05 Custody of Bond Fund. The Bond Fund shall be in the custody of the Depositary but in the name of the Issuer, and the Issuer hereby authorizes and directs the Depositary to withdraw sufficient funds from the Bond Fund to pay the principal of and interest on the Bond as the same become due and payable, which authorization and direction the Depositary hereby accepts.

Section 5.06 Project Fund. There is hereby created and established with the Depositary a fund in the name of the Issuer to be designated "Redmond Public Corporation Industrial Development Revenue Bond Project Fund, West Willows Associates

Project" (the "Project Fund") which shall be expended in accordance with the provisions of the Agreement.

Section 5.07 Payments into Project Fund; Disbursements. The balance of the proceeds of the issuance and delivery of the Bond remaining after the deposit provided by the first sentence of Section 5.03 hereof has been made shall be deposited in the Project Fund. The Depositary is hereby authorized and directed to make each disbursement required by the provisions of the Agreement. The Depositary shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and after the Project has been completed and a certificate of payment of all costs is or has been filed as provided in Section 5.08 hereof, the Depositary shall file an accounting thereof with the Issuer and the Company.

Section 5.08 Completion of Project. The completion of the Project Facilities and payment or provision made for payment of all Costs of Acquisition shall be evidenced by the filing with the Depositary of the certificate required by Section 3.5 of the Agreement. As soon as practicable and in any event not more than sixty (60) days from the date of the certificate referred to in the preceding sentence, any balance remaining in the Project Fund (except amounts the Company shall have directed the Depositary to retain for any Costs of Acquisition not then due and payable) shall without further authorization be used by the Depositary in the manner provided in Section 3.5 of the Agreement.

Section 5.09 Repayment to the Company From Bond Fund or Project Fund. Any amounts remaining in the Bond Fund or Project Fund after satisfaction of all of the conditions set forth in Section 3.4 of the Agreement and payment in full of the principal of and interest on the Bond, the fees, charges and expenses of the Depositary and the Issuer, and all other amounts required to be paid hereunder and under the Agreement, shall be paid immediately to the Company.

ARTICLE VI

INVESTMENT OF MONEYS

Any moneys held as part of the Bond Fund, the Project Fund or any other fund shall be invested and reinvested by the Depositary in Authorized Investments in accordance with the provisions of Section 3.7 of the Agreement; provided that so long as the Bond remains outstanding, moneys on deposit in any fund or account in connection with the Bond, whether or not such moneys were derived from the proceeds of the sale of the

Bond or from any other sources, will not be used in a manner which will cause the Bond to be classified as an "arbitrage bond" within the meaning of Section 103(c) of the Code. Any such investments shall be held by or under the control of the Depositary. The Depositary shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Project Fund is insufficient to pay a requisition when presented or whenever the cash balance in the Bond Fund is insufficient to pay the principal of and interest on the Bond when due.

ARTICLE VII

DISCHARGE OF LIEN

Upon the payment of the principal and interest on the Bond and the performance by the Issuer and the Company of all of their respective obligations under the Indenture and the Agreement, the Bond shall be cancelled by the Depositary and returned to the Issuer, the Security shall be released from the lien of the Indenture, the Indenture shall be discharged, and the Depositary shall deliver to the Issuer or the Company any written instrument necessary to evidence such discharge. Any moneys in the Depositary's possession in excess of the amounts necessary to provide for the payment of principal and interest on the Bond and to discharge all other obligations under the Indenture and the Agreement shall be paid to the Company, as provided in Section 5.09 hereof.

ARTICLE VIII

DEFAULT PROVISIONS AND REMEDIES

Section 8.01 Defaults; Events of Default. If any of the following events occur, it is hereby declared to constitute an "Event of Default":

(a) Default in the due and punctual payment of interest or of any monthly installment payment of principal of the Bond;

(b) Default in the due and punctual payment of the principal on the Bond, whether (other than payments referred to in Section 8.01(a) hereof) upon proceeding for redemption thereof or upon the maturity thereof by acceleration, and the continuation of said default for ten (10) days;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the

part of the Issuer contained in this Indenture or in the Bond and failure to remedy the same after notice thereof pursuant to Section 8.07 hereof; or

(d) The occurrence of an "Event of Default" under Section 8.1 of the Agreement.

Section 8.02 Acceleration. Upon the occurrence of an Event of Default, the Registered Owner may, by notice in writing delivered to the Issuer and the Company, declare the entire outstanding principal of the Bond and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Depositary, as assignee of the Issuer, shall immediately declare an amount equal to all amounts then due and payable on the Bond to be immediately due and payable as under Section 8.2(a) of the Agreement.

Section 8.03 Other Remedies. Upon the occurrence of an Event of Default, the Registered Owner may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of and interest on the Bond and to enforce its rights under this Indenture.

No remedy by the terms of this Indenture conferred upon or reserved to the Issuer, the Registered Owner or the Depositary is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Issuer, the Registered Owner or the Depositary hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

No waiver of any Event of Default hereunder shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 8.04 Application of Moneys. All moneys received by the Registered Owner pursuant to any right given or action taken under the provisions of this Article VIII shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Registered

Owner in connection with such proceedings, be applied as follows:

- (a) to amounts owing the Issuer under the Agreement or under this Indenture, other than principal and interest on the Loan,
- (b) to amounts owing the Depositary under this Indenture or under the Agreement,
- (c) to amounts owing to the Registered Owner under this Indenture or under the Agreement, other than principal or interest on the Bond,
- (d) to all accrued and unpaid interest on the Bond,
- (e) to the unpaid principal on the Bond, and
- (f) the surplus, if any, to be paid to the Company, unless a court of competent jurisdiction decrees otherwise.

Section 8.05 Termination of Proceedings. In case the Issuer or the Registered Owner shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Issuer, the Depositary and the Registered Owner shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Registered Owner, the Issuer and the Depositary shall continue as if no such proceedings had been taken.

Section 8.06 Waivers of Events of Default. The Registered Owner may at its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration. In case of any such waiver or rescission, or in case any proceeding taken by the Registered Owner on account of any such Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Depositary and the Registered Owner shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Default, or impair any right consequent thereon.

Section 8.07 Notice of Defaults Under Section 8.01(c); Opportunity of the Issuer and the Company to Cure Such Defaults. Anything herein to the contrary notwithstanding, no

Default under Section 8.01(c) hereof shall constitute an Event of Default until actual notice of such Default by registered or certified mail shall be given to the Company by the Depositary, the Issuer, or the Registered Owner and the Company shall have had thirty (30) days after receipt of such notice to correct said Default or cause said Default to be corrected, and shall not have corrected said Default or caused said Default to be corrected within the applicable period; provided, however, if said Default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Company within the applicable period and diligently pursued until the Default is corrected.

With regard to any Default concerning which notice is given to the Company under the provisions of this Section 8.07, the Issuer hereby grants the Company full authority for account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a Default, in the name and stead of the Issuer, with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

ARTICLE IX

THE DEPOSITARY

Section 9.01 Terms of Appointment. The Depositary is hereby so appointed, and agrees to act in such capacity, to comply with all requirements of this Indenture and to be custodian of the Project Fund and Bond Fund and to perform the duties of the Depositary under the Agreement and this Indenture, but only upon and subject to the following express terms and conditions:

(a) The Depositary shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons.

(b) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Depositary shall be entitled to rely upon a certificate signed by the Issuer Representative or the Company Representative as sufficient evidence of the facts therein contained but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(c) The permissive right of the Depositary to do things enumerated in this Indenture shall not be construed as a duty, nor shall the Depositary be answerable for other than its gross negligence or willful default.

(d) Notwithstanding anything elsewhere in this Indenture, before taking any action whatsoever within the purview of this Indenture, the Depositary shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, as by the Depositary are deemed desirable, and may require satisfactory indemnifications for all expenses and potential liability incidental to such action.

(e) All moneys received by the Depositary shall, until used or applied or invested as herein provided, be held in an account for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law.

Section 9.02 Fees, Charges and Expenses. The Depositary shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by it in connection with such services. Upon an Event of Default, provided that all amounts owing to the Issuer have been applied as provided in Section 8.04 hereof and paid in full, the Depositary shall have a first lien on the Security with right of payment prior to payment on account of principal of and interest on the Bond for the foregoing fees, charges and expenses incurred by the Depositary.

Section 9.03 Resignation and Successor Depositary. The Depositary may at any time resign by giving written notice by registered or certified mail to the Issuer, to the Company and to the Registered Owner 30 days prior to the date of such resignation. Upon receipt of such notice the Issuer with the written consent of the Company shall promptly appoint a successor depositary which shall be a commercial bank with its principal banking office in the State. If no successor depositary shall have been appointed within 30 days after the giving of such notice, the resigning depositary shall appoint a successor depositary.

ARTICLE X

MISCELLANEOUS

Section 10.01 Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be inferred from this Indenture or the Bond is intended or shall be construed to give to any Person other than the parties hereto, any legal or equitable right, remedy or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto.

Section 10.02 Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 10.03 Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the Issuer:	Redmond Public Corporation 2300 Westin Building 2001 Sixth Avenue Seattle, Washington 98121 Attention: John D. Wallace, Secretary
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If to the Company:	West Willows Associates 900 Poplar Place South Seattle, Washington 98134 Attention: Nick Westlund
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If to the Depositary:	Rainier National Bank P. O. Box 3647 Bellevue, Washington 98009 Attention: David V. Huguenin
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If to the Registered Owner:	At the address shown on the registration book of the Issuer kept by the Depositary.
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A duplicate copy of each notice required to be given hereunder to either the Issuer or the Company shall also be given to the other and to the Registered Owner. The Issuer, the Company, and the Registered Owner and the Depositary may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent; however, the identity of the Registered Owner shall be determined only by reference to the registration books of the Issuer kept by the Depositary.

Section 10.04 Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bond or the date fixed for redemption of the Bond shall be in the city of the Depositary's principal office a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal of or interest on the Bond need not be made on such date but shall be due on the next succeeding Business Day.

Section 10.05 Interest Computation. The interest on the Bond shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

Section 10.06 Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.07 Applicable Provisions of Law. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 10.08 Rules of Interpretation. Unless expressly indicated otherwise, references to Sections or Articles are to be construed as references to Sections or Articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion in which any such word is used.

Section 10.09 Captions. The captions and headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Indenture.

IN WITNESS WHEREOF, the Issuer has caused these presents to be executed in its corporate name and behalf and with its official seal hereunto affixed and attested by its duly authorized officials; and to evidence its acceptance the

Initial Registered Owner and the Depositary has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

[SEAL]

REDMOND PUBLIC CORPORATION

Attest:

By _____

By _____
John D. Wallace
Secretary

RAINIER NATIONAL BANK,
as Initial Registered Owner

By _____

RAINIER NATIONAL BANK,
as Depositary

By _____

EXHIBIT A

[FORM OF BOND]

UNITED STATES OF AMERICA

REDMOND PUBLIC CORPORATION

INDUSTRIAL DEVELOPMENT REVENUE BOND

(West Willows Associates Project)

No. R-1

_____, 1985

THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SECURITY DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE STATE OF WASHINGTON, THE CITY OF REDMOND NOR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE IS OBLIGATED TO PAY THE PRINCIPAL OR THE INTEREST HEREON EXCEPT, WITH RESPECT TO THE ISSUER, FROM THE MONEY PLEDGED THEREFOR; NO TAX FUNDS OR GOVERNMENTAL REVENUE MAY BE USED TO PAY THE PRINCIPAL OR INTEREST HEREON; AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY OF REDMOND, OR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST HEREON OR OTHER COSTS INCIDENTAL HERETO.

(1) Redmond Public Corporation (the "Issuer"), a public corporation and an authority and instrumentality created under the auspices of the City of Redmond, for value received, promises to pay from the sources as hereinafter provided, to the order of Rainier National Bank, or registered assigns, the principal sum of Seven Hundred Twenty Five Thousand Dollars (\$725,000), together with interest on the unpaid principal balance hereof, in accordance with the following terms (all terms defined in the Indenture referred to below have the same meanings when used herein).

(A) Stated Interest Rate. Interest shall accrue on the unpaid principal balance of this Bond from time to time outstanding at a floating rate per annum equivalent to the respective percentages of the Prime Rate set forth below:

<u>Period</u>	<u>Percentage of Prime Rate</u>
Date of Bond issuance through _____, 1987	69%
_____ 1, 1987 through _____, 1988	71%
_____ 1, 1988 until Payment in Full	75%

Each change in the floating interest rate hereof shall take place simultaneously with each corresponding change in the Prime Rate. The interest rate on the Bond so determined from time to time in accordance with this paragraph (1)(A) is the "Bond Rate."

(B) Payments of Principal and Interest. Both principal of and interest on this Bond are payable in lawful money of the United States of America at the principal office of Rainier National Bank in Bellevue, Washington or any successor depository (the "Depository"). Principal and interest hereon shall be due and payable as follows:

(a) Commencing on the first Business Day of _____ 1985 and continuing on the first Business Day of each month thereafter to and including the month of July, 1986, the Issuer shall make monthly installment payments of all accrued interest.

(b) Commencing on the first Business Day of _____, 1986 and continuing on the first Business Day of each succeeding month thereafter throughout the term of this Bond, the Issuer shall make monthly installment payments of principal and interest calculated as follows:

(i) The principal component of each payment shall be equal to such amount as would be due on a 19-year level-payment amortization schedule for all principal of and interest on this Bond, based on the Bond Rate in effect as of _____ 1, 1986.

(ii) The interest component of each payment shall be equal to the interest that has accrued at the Bond Rate on the outstanding principal balance since the immediately preceding payment date.

(iii) The entire principal balance due on this Bond and all accrued but unpaid interest shall be due and payable in full on _____ 1, 2005.

(c) The Issuer shall pay on demand interest on any overdue principal from the date when due, whether by redemption, acceleration or otherwise, until paid, at a late

payment rate equal to two percentage points above the rate of interest otherwise provided herein.

(d) The Bond Rate and amount of interest payable on this Bond shall be subject to adjustment to reflect Tax-Exempt Interest Rate Adjustments in accordance with Paragraph (1)(F) hereof upon written notice from the Registered Owner, but only if the Registered Owner is Rainier National Bank or another financial institution, to the Issuer and the Company. The determination by such Registered Owner of the amount of any such adjustment shall be conclusively binding upon the Issuer and the Company.

(C) Mandatory Redemption.

(a) This Bond is subject to mandatory redemption on _____ 1, 1990 and on the first day of _____ in 1991 and each year thereafter until the Bond is paid in full, at the option of the Registered Owner, which option may be exercised at any time on or before the applicable redemption date by sixty days prior written notice to the Issuer and the Company. In the event of such mandatory redemption the entire unpaid principal balance hereof, together with accrued and unpaid interest, shall become due and payable on the applicable redemption date set forth in such notice.

(b) This Bond is subject to mandatory redemption without premium or penalty immediately upon the occurrence of a Determination of Taxability. In the event of such mandatory redemption, the entire unpaid principal balance hereof, together with accrued and unpaid interest, shall become immediately due and payable.

(D) Optional Redemption. The entire principal balance of this Bond may be prepaid at any time without premium or penalty upon thirty days prior written notice from the Company on behalf of the Issuer to the Registered Owner hereof, provided that each such principal prepayment shall be accompanied by a payment of all accrued and unpaid interest. .

(E) Taxable Rate of Interest. Upon a Determination of Taxability (a) the interest rate payable hereon shall be increased to, and from and after the date of such Determination of Taxability the Issuer shall pay for the remainder of the term hereof, a rate per annum equal to 1% above the Prime Rate as it changes from time to time (herein the "Taxable Rate of Interest") and (b) the Issuer shall pay to the Registered Owner, on demand, (i) an amount equal to the difference between the Bond Rate from the Event of Taxability until the date of such Determination of Taxability and the Taxable Rate of

Interest during such period or, if the Bond has been paid or redeemed, to the date of such payment or redemption, plus (ii) any interest, penalties or other charges of any kind incurred by the Registered Owner as a result of the interest payable upon the Bond being subject to federal income taxation and any other sums required to put the Registered Owner in the same position it would have been in had such interest, penalties and other charges not been imposed, calculated on the assumption that the Registered Owner pays federal, state and local taxes at the highest marginal statutory rate of federal income tax applicable to corporations, including national banking associations.

If there is more than one Event of Taxability, the rights and remedies of the Registered Owner hereunder shall be fully applicable as to each such Event of Taxability, whether or not the Registered Owner exercised any or all of the rights or remedies which arose upon any prior Event of Taxability, and all the Registered Owner's rights and remedies shall be cumulative except to the extent of any written waiver by the Registered Owner. The Registered Owner shall have no obligation to contest or appeal any assertion or decision that any interest payable hereunder is subject to taxation.

(F) Tax-Exempt Interest Rate Adjustments.

(a) In the event of an increase or decrease in the Corporate Tax Rate (as hereinafter defined) enacted or effective after the date hereof, the Bond Rate hereon shall be decreased (in the case of an increase in said Corporate Tax Rate) or increased (in the case of a decrease in the Corporate Tax Rate) to the Adjusted Tax-Exempt Rate (as hereinafter defined), effective as of such change in the Corporate Tax Rate; provided, however, that this Bond shall not bear interest at an Adjusted Tax-Exempt Rate if the Bond is bearing interest at the Taxable Rate of Interest. For these purposes, (i) "Adjusted Tax-Exempt Rate" shall mean the product of (A) the then existing Bond Rate multiplied by (B) a number (expressed as a three-place decimal) determined by dividing (I) the number one minus the Corporate Tax Rate in effect following the change in such rate referred to in the preceding sentence by (II) the number one minus the Corporate Tax Rate in effect on the date hereof; (ii) "Corporate Tax Rate" shall mean the highest marginal statutory rate of federal income tax applicable to corporations, including national banking associations.

(b) Except as provided in subsection (c) of this Section (1)(F), in the event that, at any time, as a result of a change in the Code, any payment of interest or principal

hereon or any amount in respect of or measured in whole or in part by reference to interest on or principal of this Bond, is, in the opinion of counsel for the Registered Owner, subject to or affected by a preference tax (meaning a tax imposed by Sections 55, 56, 57 or 58 of the Code or any successor sections thereto or any similar provisions) or an excess profits tax, then interest on this Bond shall be increased by an amount that, after deduction of all taxes attributable to the inclusion of such amount in the gross income of such Registered Owner under the laws of any federal, state or local governmental or taxing authority at the highest marginal statutory rates applicable to corporations (including national banking associations), shall be equal to the amount of any such preference tax or excess profits tax.

(c) In the event that at any time, as a result of a change in the Code, (i) the percentage specified in Section 291(a)(3) of the Code is increased or (ii) the deductibility or other tax treatment of any amount attributable or deemed to be attributable directly or indirectly to the purchasing or carrying of this Bond is adversely affected, then, upon written notice to such effect from such Registered Owner to the Issuer and the Company, which notice shall set forth the date as of which such increase is effective or such deductibility or other tax treatment shall have been adversely affected, the interest rate set forth herein shall be increased to the Increased Tax-Exempt Rate (as hereinafter defined) effective as of the date set forth in such notice. The notice setting forth in reasonable detail such adverse effect and the calculation of the Increased Tax-Exempt Rate shall be conclusive, absent manifest error, as to the amount of the Increased Tax-Exempt Rate. For purposes of subsection (F)(c)(i), the Increased Tax-Exempt Rate shall equal the Bond Rate then payable plus one and one-half percent (1.5%) of the Prime Rate for each five percentage-point (including portion thereof) increase in the rate specified in Section 291(a)(3) of the Code. For purposes of subsection (F)(c)(ii), the Increased Tax-Exempt Rate shall be the Bond Rate payable immediately prior to such date, increased by an amount which is equal to the amount necessary fully to compensate such Registered Owner for such increased tax cost (as described in (i) or (ii) hereof) (calculated on the assumption that federal, state and local taxes are payable by such Registered Owner at the highest marginal statutory rates applicable to banking corporations), it being the intent and purpose of this subsection (F)(c) that the after-tax yield to such Registered Owner with respect to the payment of interest to it on this Bond shall not be diminished by any such change in the Code.

(2) This Bond is the single duly authorized Redmond Public Corporation Industrial Development Revenue Bond (West Willows Associates Project) (the "Bond"), issued for the purpose of providing funds to pay the cost of acquiring, improving and equipping an industrial development project (the "Project"), and paying necessary expenses incidental thereto. The Issuer has agreed to loan the proceeds of this Bond to West Willows Associates (the "Company"), under the terms of a Loan Agreement, dated as of August 1, 1985 (which agreement, as from time to time amended and supplemented, is hereinafter referred to as the "Agreement"), under which the Company is obligated to pay amounts which are sufficient to pay (a) the principal of and interest on this Bond as the same shall become due in accordance with its terms and provisions and the terms and provisions of the Indenture (as hereinafter defined) (b) the fees and expenses of the Depositary payable under the Indenture and certain fees and expenses of the Issuer related to the Project. The Project will be improved, equipped and owned by the Company.

(3) This Bond is issued pursuant to an Indenture, dated as of August 1, 1985, by and between the Issuer and Rainier National Bank, as Initial Registered Owner and Depositary, (which indenture, as from time to time amended and supplemented, is hereinafter referred to as the "Indenture"), duly executed and delivered by the Issuer and pursuant to which all payments due from the Company to the Issuer under the Agreement (other than payments of certain expenses of the Issuer related to the Project) are assigned to the Registered Owner, as part of the Security, to secure the payment of the principal of and interest on this Bond. Reference is hereby made to the Indenture for a description of the Security, the rights, duties and obligations of the Issuer, the Depositary and the Registered Owner, and the terms upon which this Bond is issued and secured.

(4) This Bond is issued in fully registered form as to both principal and interest and may be assigned upon ten days prior notification to the Depositary and the Company by the Registered Owner in person or by its attorney in writing with a duly executed instrument of assignment in the form set forth below, which instrument sets forth the principal amount then outstanding on this Bond, the name of the assignee and an address of the assignee where confirmation of the principal amount hereof outstanding (and any subsequent notices required hereby or by the Indenture) can be sent, and any assignee shall take this Bond subject to these conditions. Such assignment shall be noted on the registration books of the Depositary and no assignment of this Bond shall be valid unless made on said books.

(5) This Bond is issued pursuant to and in full compliance with the Constitution and laws of the State of Washington (the "State"), particularly RCW 39.84 et seq. (the "Act"), and by appropriate action duly taken by the Issuer which authorizes the execution and delivery of the Agreement and the Indenture. It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond of the Issuer does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, Redmond Public Corporation has caused this Bond to be executed in its name by the manual signature of its Chairman and its corporate seal to be hereunto impressed or imprinted hereon and attested by the manual signature of its Secretary, all as of the date above written.

REDMOND PUBLIC CORPORATION

Attest:

By _____

By _____

REGISTRATION

<u>Name and Address of Registered Owner</u>	<u>Date</u>	<u>Authorized Signature of Depository</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

RESTRICTIONS ON TRANSFER

This bond has not been registered under the Securities Act of 1933 or the Washington Uniform Securities Act and may be offered and sold only if registered pursuant to the provisions of those acts or if an exemption from registration is available.

FORM OF ASSIGNMENT

For value received, the undersigned does hereby sell, assign and transfer to the order of _____, whose address is _____, Redmond Public Corporation Industrial Development Revenue Bond (West Willows Associates Project), in the unpaid amount of \$_____ standing in the name of _____ on the books of the Depository for _____ Dollars (\$_____), and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books of said Depository with full power of substitution in the premises.

Dated: _____, _____ Signature _____

BOND PURCHASE CONTRACT

THIS AGREEMENT is made as of August 1, 1985, by and between REDMOND PUBLIC CORPORATION, a Washington public corporation organized and existing under the laws of the State of Washington (the "Issuer"), and RAINIER NATIONAL BANK, a national banking association, organized and existing under and by virtue of the laws of the United States (the "Bank");

RECITALS

In consideration of the mutual terms and conditions herein set forth, the parties hereto agree as follows:

1. Subject to the terms and conditions herein set forth, the Bank hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Bank its Redmond Public Corporation Industrial Development Revenue Bond (West Willows Associates Project) (the "Bond"), substantially in the form of attached Exhibit A, for the purchase price of \$725,000 plus accrued interest thereon to the date of purchase.

THE BOND IS A LIMITED OBLIGATION OF THE ISSUER AND IS PAYABLE SOLELY FROM THE SECURITY DESCRIBED IN THE INDENTURE. NEITHER THE ISSUER, THE STATE OF WASHINGTON, THE CITY OF REDMOND NOR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE IS OBLIGATED TO PAY THE PRINCIPAL OR THE INTEREST THEREON EXCEPT, WITH RESPECT TO THE ISSUER, FROM THE MONEY PLEDGED THEREFOR; NO TAX FUNDS OR GOVERNMENTAL REVENUE MAY BE USED TO PAY THE PRINCIPAL OR INTEREST THEREON; AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE CITY OF REDMOND, OR ANY OTHER MUNICIPAL CORPORATION, QUASI-MUNICIPAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST THEREON OR OTHER COSTS INCIDENTAL THERETO.

The proceeds of the Bond shall be disbursed to West Willows Associates, a Washington General Partnership (the "Company"), in accordance with the Loan Agreement dated as of August 1, 1985 between the Issuer and the Company (the "Loan Agreement").

2. The purchase of the Bond shall take place on or before , 1985. As a condition precedent to the Bank's obligations hereunder, on the date of purchase there shall have been delivered to the Bank the following:

A. The executed Bond;

B. An executed copy of the Loan Agreement, in form and substance acceptable to the Bank;

C. A certified copy of the Bond Resolution of the Issuer adopted on [June 25], 1985 (the "Bond Resolution");

D. An executed copy of the Indenture dated as of August 1, 1985 between the Issuer and the Bank, in form and substance acceptable to the Bank (the "Indenture");

E. A fully-executed counterpart of the Company's general partnership agreement, together with all amendments thereto and such other documents as the Bank may require to show that the Company is a duly organized and existing partnership under the laws of the State of Washington with full power and authority, and has been duly authorized, to execute such documents and to perform such obligations as it may be required to execute or perform with respect to the Loan;

F. Evidence satisfactory to the Bank that the Company has obtained all required permits, consents, licenses, environmental reports and clearances, and approvals, and complied with all laws, rules, regulations and ordinances of all governmental authorities having jurisdiction relating to the Project. With respect to any environmental action taken by a governmental agency, the Company shall provide at the Bank's election either (i) proof satisfactory to the Bank of publication, filing, and mailing or posting of notice of such action pursuant to state environmental laws and regulations, or (ii) opinion of the Company's legal counsel that the Company has complied with the foregoing notice requirements;

G. An ALTA mortgagee's extended coverage form of policy of title insurance in form satisfactory to the Bank in the amount of \$725,000, showing the Deed of Trust (as defined in the Indenture) to be a first lien on the Company's indefeasible fee simple title to the Project Site, as defined in the Indenture, subject only to the permitted exceptions as approved by the Bank. The policy shall insure that (i) the Project Site is free of the possibility of any prior mechanics' or materialmen's liens or special assessments for work completed or under construction on the Date of Closing; (ii) all taxes and assessments affecting the Project Site or

any part thereof, due and payable on the Date of Closing, shall have been paid or are not yet due and payable. The Company shall furnish a variable rate endorsement and such other endorsements as the Bank may reasonably request, including indorsement numbers 100, 111, 111.8 (sometimes referred to as ALTA 6.2 Form Indorsement) and 116.1;

H. Evidence satisfactory to the Bank that the Company has obtained and has in place "all risk" insurance in form and by company or companies satisfactory to the Bank, which insurance shall be in an amount no less than 100% of the full replacement cost of the Project Facilities, shall contain a replacement cost endorsement without deduction for depreciation, shall contain loss of rents or business interruption insurance coverage and inflation coverage commonly referred to as "fluctuating value endorsement", shall name the Bank as an additional insured, and shall contain a Form 438 BFU non-contributory standard mortgagee's clause or its equivalent and a Lender's Loss Payable Endorsement in favor of the Bank;"

I. An authorization of signatures required for each requisition of Loan proceeds;

J. A current "as built" survey of the Project Site in duplicate, certified by a licensed surveyor or engineer, showing the compass bearing, the legal description, dimensions and total square footage of the Project Site, interior lot lines, if any, the dimensions and locations of all improvements to be built, parking areas and easements, utilities and the location of the adjoining streets and the distance to and name of the nearest intersecting street and a certificate addressed to the title insurer and the Bank from a licensed surveyor that the Project Facilities lie wholly within the boundaries of the Project Site without encroachment or violation of zoning ordinances, building requirements or set-back requirements;

K. A duly executed Subordination, Non-Disturbance and Attornment Agreement with Estoppel Certificate from each tenant of any portion of the Project Facilities;

L. Evidence of public liability insurance meeting the requirements of Section 2.3(a)(iv) of the Deed of Trust;

M. Evidence satisfactory to the Bank that (i) construction of the Project Facilities (including all tenant improvements required under existing leases with respect to the Project Facilities) have been completed substantially in accordance with final plans and specifications including landscaping plans approved by the Bank and that direct connection has been made to the abutting utilities, (ii) that

the Project Facilities have been fully equipped to the satisfaction of the Bank, (iii) that the Project Facilities have been completely paid for, (iv) that all work requiring an inspection by governmental authorities having jurisdiction has been duly inspected and approved by such authorities, (v) that a final Certificate of Occupancy (except for completion of untenanted portions of the Project Facilities) has been issued subject to no conditions or subject only to conditions approved by the Bank, and (vi) that all parties performing work on the Project have been fully paid;

N. Current signed financial statements (current within six months) for the Company and for each of the partners of the Company, submitted on Bank statement form;

O. A copy of a current M.A.I. appraisal of the Project of at least \$1,075,000;

P. Flood insurance if the Project Site is located in a designated flood hazard area and where federally subsidized flood insurance is available;

Q. If required by the Bank's review of the preliminary title commitment or other evidence of title to the Project Site, proof satisfactory to it that the property is one or more legal lots in compliance with all applicable laws, ordinances, and regulations respecting subdivision;

R. Proof satisfactory to the Bank of sufficient funds in addition to those to be loaned under the Agreement to complete the Project Facilities and all tenant improvements, as defined in the Indenture, in accordance with the final plans and specifications, which funds shall have been deposited with the Bank or, at the Company's option, the Company shall provide the Bank with evidence satisfactory to the Bank that the Company has paid such costs, if any, from its own funds;

S. Such other documents and things as the Bank may reasonably require in connection with the making of disbursements from the Project Fund;

T. The Deed of Trust in substantially the form of Exhibit E to the Agreement, duly executed by the Company;

U. Unconditional payment and performance guarantees in form acceptable to the Bank duly executed by Robert H. Baugh, William P. Dorsey, Jack M. Martin, Harlan W. Patterson and Nick Westlund, individually and on behalf of their marital communities;

V. Payment of the nonrefundable loan fee owed by the Company to the Bank;

W. Evidence satisfactory to the Bank that all streets adjoining the Project Site have been completed, dedicated, and accepted for maintenance and public use by the appropriate governmental authorities and that access in both directions therefrom will be afforded to the Project Site and the Project Facilities;

X. An opinion of Perkins Coie as bond counsel to the Issuer ("Bond Counsel"), dated as of the date of purchase of the Bond substantially in the form of attached Exhibit B;

Y. A certificate dated the date of the purchase of the Bond executed by the Issuer to the effect that no earnings will be received on the Bond proceeds which would violate the arbitrage regulations of the United States Department of Treasury, being Regulations 1.103-13, 1.103-14, and 1.103-15, as amended; and

Z. Such additional certificates, instruments, opinions of counsel and other documents as the Bank and Bond Counsel may reasonably deem necessary to evidence the truth and accuracy at the time of purchase of the Bond of the representations and warranties of the Issuer and the Company set forth in the Loan Agreement, the Indenture and the Guaranty, and such other matters as the Bank or Bond Counsel may reasonably request.

3. Neither the Bank nor the Issuer shall be under any obligation to pay any expenses incident to the performance of the Issuer hereunder or with respect to issuance of the Bond. All expenses and costs incident to the execution and delivery of the Bond, the Bond Resolution, the Indenture, and the Loan Agreement and instruments and documents executed and delivered pursuant thereto, including, without limitation, the legal fees of Bond Counsel and of counsel to the Bank, shall be paid out of the proceeds of the Bond or by the Company, but payment of such fees for expenses incurred shall be due and payable whether or not the Bond is issued.

4. The Bank's obligations hereunder to purchase the Bond shall be subject to delivery of the above-described documents prior to the purchase of the Bond, and subject to the performance by the Issuer and the Company of the obligations and agreements to be performed by them at or prior to closing, set forth in the Loan Agreement, the Bond Resolution, and the Indenture. In addition, purchase of the Bond is subject to all of the documents listed in paragraph 2 above being in full force and effect at the time of purchase without amendment or modification.

5. By its acceptance hereof, the Company acknowledges and confirms its approval of and agreement to be bound by the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereof have caused this Agreement to be duly executed in their names and on their behalf by their authorized officers, as of the day and year first above written.

ATTEST:

REDMOND PUBLIC CORPORATION,
a public corporation

By _____
John D. Wallace
Secretary

By _____
Chairman

RAINIER NATIONAL BANK,
a national banking association

By _____

ACCEPTED this _____ day of
_____, 1985:

WEST WILLOWS ASSOCIATES,
a Washington General Partnership

By _____
Partner

By _____
Partner

By _____
Partner

By _____
Partner

By _____
Partner

_____, 1985

Redmond Public Corporation
15670 N.E. 8th Street
Redmond, Washington 98052

Rainier National Bank, as
Initial Registered Owner
P. O. Box 3647
Bellevue, Washington 98009

Re: Redmond Public Corporation
Industrial Development Revenue Bond
(West Willows Associates Project)

We have acted as bond counsel in connection with the issuance and sale by Redmond Public Corporation (the "Issuer"), a public corporation and instrumentality created under the auspices of the City of Redmond pursuant to 1981 Washington Laws, Chapter 300 (the "Act"), of its \$725,000 Industrial Development Revenue Bond (West Willows Associates Project) (the "Bond"), for the purpose of paying the cost of acquiring, constructing and improving a certain industrial development facility (the "Project") located in the City of Redmond, Washington and owned by West Willows Associates, a Washington general partnership (the "Company").

As to questions of fact material to our opinion we have relied upon representations of the Issuer and the Company contained in the Agreement as described below, the certified proceedings and other certifications of public officials furnished to us, and certifications by the Company (including certifications as to the use of Bond proceeds which are material to paragraph 5 below), without undertaking to verify the same by independent investigation.

As to due execution by the Company of the Loan Documents (as defined in the Indenture described below) to which it is a

party and the binding nature of the Company's obligations, we have relied on the opinion of _____ as counsel to the Company.

As to the due creation and existence of the Issuer; the Issuer's right, power and authority to issue and sell the Bond and to execute, deliver and carry out and perform its obligations under the Loan Agreement, the Indenture, and the Bond Purchase Contract; due authorization, execution and delivery by the Issuer of and the binding nature of the Issuer's obligations under, the Loan Agreement, the Indenture and the Bond Purchase Contract; and the due authorization, execution, issuance and delivery of and the binding limited obligation of the Issuer under, the Bond, we are relying upon the opinion of Ogden, Ogden & Murphy as counsel to the Issuer.

The Bond is issued pursuant to an Indenture (the "Indenture") dated as of August 1, 1985 between the Issuer and Rainier National Bank, as Initial Registered Owner and Depositary. Pursuant to a Loan Agreement (the "Agreement") between the Issuer and the Company, dated as of August 1, 1985, the Issuer has agreed to make a Loan to the Company from the proceeds of the Bond. All capitalized terms used herein shall have the meanings given to them in the Indenture.

The Agreement provides that the Company shall pay amounts at least sufficient to pay the principal of and interest on the Bond when due, whether at stated maturity, redemption or acceleration. The rights of the Issuer in the payments under the Agreement (except certain rights to fees and expenses) have been assigned to the Registered Owner under the Indenture as security for the Bond. The Bond is payable solely from the Security as defined in the Indenture.

As security for its obligations under the Agreement, the Company has granted to the Issuer a security interest in the Security Documents, as defined in the Indenture, including certain tangible personal property. We have made no investigation of the title of the Company, the Issuer or any other party to the Project or the existence of other liens, security interests or encumbrances affecting the Project and express no opinion with respect to the validity or priority of any security interests granted by the Company to secure its interests under the Agreement.

From such examination we are of the opinion that:

1. The Issuer is a public corporation and instrumentality created under the auspices of the City of Redmond, Washington pursuant to the Act. Pursuant to the Act, the Issuer is empowered to issue the Bond and to lend the proceeds thereof to the Company for the purpose of defraying the cost of acquiring and improving certain facilities constituting the Project for use as industrial development facilities as defined in the Act and to assign to the Registered Owner the amounts payable by the Company under the Agreement (other than certain fees and expenses of the Issuer), from which amounts the Bond is payable, except to the extent payable from the proceeds of the sale of the Bond and the income from investment thereof. The Company has covenanted that until all principal of and interest on the Bond has been paid in full, the Project shall be used by businesses whose use qualifies the Project as an industrial development facility under the Act. A violation of this covenant could affect the validity of and the tax exemption on the Bond.

2. The Bond has been validly authorized, executed and issued in accordance with the laws of the State of Washington now in force and represents a valid and binding limited obligation of the Issuer. The principal of and interest on the Bond shall be payable solely from, and secured by, an assignment by the Issuer to the Registered Owner of the amounts to be received by the Issuer pursuant to the Agreement (other than certain fees and expenses of the Issuer) and the Security.

3. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Depositary and the Initial Registered Owner, represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.

4. The Agreement has been duly authorized, executed and delivered by the Issuer and represents the valid and binding agreement of the Issuer enforceable in accordance with its terms.

5. Under existing law as of the date hereof, the interest on the Bond is exempt from all present federal income taxation, provided that (i) such exemption does not apply with respect to interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Project or a "related person" within the meaning of Section 103(b)(13) of

Redmond Public Corporation
Rainier National Bank
_____, 1985

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the Code; and (ii) pursuant to the Tax Reform Act of 1984, the tax exemption on the Bond shall be lost if the provisions of Section 103(c)(6)(D) of the Code with respect to investment of funds are not met. The Company has covenanted that if the "gross proceeds", as defined in the Code, are not expended on or before the day which is six months after the date hereof, it shall take all actions necessary to comply with the Code. If the "gross proceeds" are not spent within the six-month period and if the Company does not comply with the Code, the interest on the Bond shall become subject to federal income taxation.

The obligations of the parties, and the enforceability thereof, with respect to the documents described above are subject, in part, to the provisions of the bankruptcy laws of the United States of America and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect and are also subject to general equitable principles.

The opinions set forth herein are expressed with respect to laws, regulations, rulings and decisions in effect on the date of this opinion.

Very truly yours,

8700m