

March 26, 1985

INTRODUCED BY GARY GRANT

PROPOSED NO. 85-174

ORDINANCE NO. 183

AN ORDINANCE relating to economic development interim use projects in the Community Development Block Grant Program by making loans and authorizing the King County executive to enter into agreements necessary to effect the projects; and excluding certain related agreements from the operation of affirmative action and minority and women's business ordinances.

PREAMBLE:

King County has adopted Motion 6012 recognizing economic development as a King County priority. King County has adopted Motion 6155 authorizing the director of planning and community development to implement the CD Float Financing program. The authorization of this loan will enable the Community Development Block Grant fund to support additional economic development projects and other CDBG eligible projects.

There exists an opportunity to assist on an interim basis the following economic development projects in King County: Auburn 400 Corporate Park and Quadrant Business Park - Bothell, both being developed by The Quadrant Corporation and both are CDBG eligible projects. It is anticipated that these projects will create a significant number of jobs targeted to benefit the low and moderate income residents of the local communities in which they will be built, and King County's participation in these projects is necessary and appropriate to the creation of these jobs. These projects are consistent with all county and city land use plans, and all federal and state environmental laws. This loan will have no negative effect on any Community Development Block Grant (CDBG) projects already approved in the county's 1983 Jobs Bill, 1983, 1984 and 1985 CDBG program. The United States Department of Housing and Urban Development has approved implementation of such interim use projects.

The county has determined that King County Code 4.14 does not apply to the services herein contemplated, and that it is in the best interests of the county that certain agreements and transactions relating to interim use projects be excluded from the operation of King County Code chapters 4.18 and 12.16.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this ordinance and of any ordinance supplemental hereto, have the meanings specific; words importing the singular number include the plural number and vice versa:

"County" means King County, Washington.

"Council" means the county council of King County, Washington.

"CD Float Financing" shall mean the making of short term interim financing loans to assist in the development of Community Development Block Grant eligible economic development projects.

1 "Community Development Block Grant (CDBG) funds" shall be those entitle-
2 ment monies King County receives through the United States Department of
3 Housing and Urban Development and are dedicated to the CDBG fund.

4 SECTION 2. Related Agreements. It is found and determined that it is in
5 the best interests of the county to exclude certain agreements and trans-
6 actions relating to the interim use loans from the operation of certain county
7 ordinances concerning affirmative action, and minority and women's business
8 enterprises because of the expense to the county of delaying the placement of
9 the loan until the procedures called for in those ordinances can be accom-
10 plished. Therefore, notwithstanding the provisions of chapters 4.18 and
11 12.16 of the King County Code:

12 A. The placement of an interim use loan of \$14,000,000 with The
13 Quadrant Corporation is ratified and approved.

14 B. The county executive is authorized to contract with The Quadrant
15 Corporation, Bellevue, Washington for the purposes of making an interim use
16 loan.

17 SECTION 3. In accordance with regulations of the United States Depart-
18 ment of Housing and Urban Development and in accordance with Motion 6155 the
19 King County executive is hereby authorized to extend interim use project loans
20 for eligible economic development projects to: The Quadrant Corporation for
21 the Auburn 400 Corporate Park and the Quadrant Business Park - Bothell from
22 such unexpended balances as may become available in the King County CDBG
23 Letter of Credit on deposit with the United States Department of the Treasury
24 in an amount not to exceed fourteen million dollars (\$14,000,000) for use in
25 the Auburn 400 Corporate Park and the Quadrant Business Park - Bothell proj-
26 ects. Such loans shall be repaid by The Quadrant Corporation in accordance
27 with the terms and conditions of the agreements between The Quadrant Corpora-
28 tion and King County (copies of which are attached hereto). The King County
29 executive is hereby authorized to execute the above agreements on behalf of
30 the county.
31
32

1 SECTION 4. For the purpose of making these interim use project loans
2 the sum of fourteen million dollars (\$14,000,000) or so much thereof as may be
3 necessary to fund the above projects shall be disbursed from the King County
4 CDBG Letter of Credit on deposit with the United States Department of the
5 Treasury. The county finance director is authorized to draw and pay the
6 necessary warrants from the disbursed funds.

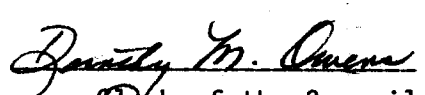
7 INTRODUCED AND READ for the first time this 8th day of
8 April, 1985.

9 PASSED THIS 15th day of April, 1985.

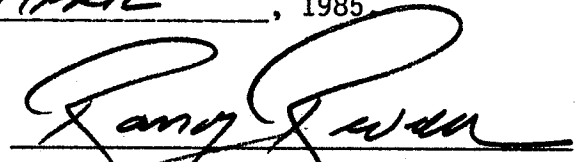
11 KING COUNTY COUNCIL
12 KING COUNTY, WASHINGTON

13 
14 _____
15 Chairman

16 ATTEST:

17
18 
19 Clerk of the Council

20 APPROVED this 23rd day of April, 1985.

21 
22 _____
23 King County Executive

ASSUMPTIONS - QUADRANT CD FLOAT

1. CY 85 Beginning LOC Balance: \$ 9,887,929
2. PY 85 Entitlement (8-85) \$ 5,200,000
3. CY 85 CDBG Expenditures: 7,000,000
4. CY 85 Average Monthly Exp.: 583,333
5. Equal Monthly Construction Draws
6. Simple Interest @ 8.6%
7. APR LOC Balance: \$ 8,624,596

Scenario	Loan Type	CDBG \$ Loaned	Est. Income
A	Ref/Const	9,430,000	\$671,697

SCENARIO A - REF/CONST

	APR	MAY	JUN	JUL	AUG	SEP
Beg. LOC Balance	8,624,596	1,011,263	0	0	5,200,000	4,066,667
Ref/Const. Draw	7,030,000	427,930	(583,333)	(583,333)	550,000	400,000
Cumulative Drawn	7,030,000	7,457,930	6,874,597	6,291,264	6,841,264	7,241,264
Interest	50,382	53,448	49,268	45,087	49,029	51,896
Cumulative Interest	50,382	103,830	153,098	198,186	247,215	299,110
CDBG Expenditures	583,333	583,333	583,333	583,333	583,333	583,333
Cumulative CDBG Expenditures	583,333	1,166,666	1,749,999	2,333,332	2,916,665	3,499,998
End. LOC Balance	1,011,263	0	0	0	4,066,667	3,083,334

ASSUMPTIONS - QUADRANT CD FLOAT

1. CY 85 Beginning LOC Balance: \$ 9,887,929
2. PY 85 Entitlement (8-85) \$ 5,200,000
3. CY 85 CDBG Expenditures: 7,000,000
4. CY 85 Average Monthly Exp.: 583,333
5. Equal Monthly Construction Draws
6. Simple Interest @ 8%
7. APR LOC Balance: \$ 8,624,596

Scenario	Loan Type	CDBG \$ Loaned	Est. Income
A	Ref/Const	9,430,000	\$624,835

SCENARIO A - REF/CONST

	APR	MAY	JUN	JUL	AUG	SEP
Beg. LOC Balance	8,624,596	1,011,263	0	0	5,200,000	4,066,667
Ref/Const. Draw	7,030,000	427,930	(583,333)	(583,333)	550,000	400,000
Cumulative Drawn	7,030,000	7,457,930	6,874,597	6,291,264	6,841,264	7,241,264
Interest	46,867	49,720	45,831	41,942	45,608	48,275
Cumulative Interest	46,867	96,586	142,417	184,359	229,967	278,242
CDBG Expenditures	583,333	583,333	583,333	583,333	583,333	583,333
Cumulative CDBG Expenditures	583,333	1,166,666	1,749,999	2,333,332	2,916,665	3,499,998
End. LOC Balance	1,011,263	0	0	0	4,066,667	3,083,334

ASSUMPTIONS - QUADRANT CD FLOAT

1. CY 85 Beginning LOC Balance: \$ 9,887,929
2. PY 85 Entitlement (8-85) \$ 5,200,000
3. CY 85 CDBG Expenditures: 7,000,000
4. CY 85 Average Monthly Exp.: 583,333
5. Equal Monthly Construction Draws
6. Simple Interest @ 9%
7. APR LOC Balance: \$ 8,624,596

Scenario	Loan Type	CDBG \$ Loaned	Est. Income
A	Ref/Const	9,430,000	\$702,939

SCENARIO A - REF/CONST

	APR	MAY	JUN	JUL	AUG	SEP	
Beg. LOC Balance	8,624,596	1,011,263	0	0	5,200,000	4,066,667	3,083,334
Ref/Const. Draw	7,030,000	427,930	(583,333)	(583,333)	550,000	400,000	
Cumulative Drawn	7,030,000	7,457,930	6,874,597	6,291,264	6,841,264	7,241,264	7,000,000
Interest	52,725	55,934	51,559	47,184	51,309	54,309	
Cumulative Interest	52,725	108,659	160,219	207,403	258,713	313,022	
CDBG Expenditures	583,333	583,333	583,333	583,333	583,333	583,333	
Cumulative CDBG Expenditures	583,333	1,166,666	1,749,999	2,333,332	2,916,665	3,499,998	4,083,331
End. LOC Balance	1,011,263	0	0	0	4,066,667	3,083,334	2,066,667

RECOMMENDED INTERIM FINANCING LOAN (CD FLOAT) PLACEMENT

Background

The basic concept of the CD Float Loan Program is to loan money from King County Community Development Block Grant (CDBG) funds (on deposit in a Letter of Credit (LOC) with the Federal Department of Housing and Urban Development (HUD)) to a King County developer for interim financing of an economic development project. The primary benefits for King County are:

- (1) Significant program income (revenue) can be generated for the CDBG Program; otherwise King County CDBG funds would remain in the LOC at HUD/U. S. Treasury. The revenue can be used to support a stable funding source for King County economic development programs.
- (2) A CDBG eligible economic development project will be funded and jobs for low and moderate income people will be created; the developer will be required to work with the Private Industry Council (PIC) to provide training and employment opportunities for unemployed and underemployed people in the project.

CDBG Funds Available for CD Float Loan

As of April 15, 1985 we anticipate \$8.6 million will be in the King County LOC with another \$5.2 million added in July, 1985. A total of up to \$13.8 million will be available to lend under the CD Float Loan.

Security and Loan Agreements

Through Loan Agreements, the developer will be required to obtain an irrevocable and unconditional letter of credit, payable to the County on demand. Loan Agreements included in these briefing materials have been prepared by the King County Prosecutor's Office in cooperation with a private legal firm with expertise in commercial real estate financing.

RECOMMENDED CD FLOAT PROJECTS:

The Quadrant Corporation for Quadrant Business Park - Bothell and Auburn
400 Corporate Park.

Loan Amount: Up to \$13.8 million in one loan for both projects.

Interest Rate: The interest rate of 8.6% as a base rate is set at the 91-day Treasury bill rate and was negotiated based on the borrower's current cost of borrowing and the cost of letter of credit. The 8.6% is compounded quarterly, adjusted quarterly up to a ceiling of 9.6% and down to a floor of 7.6% according to fluctuations in the 91-day Treasury bill rate.

Estimated Program Income (Revenue) to the CDBG Fund: \$672,000 at 8.6%; \$625,000 at 8%; \$703,000 at 9% for an estimated range of \$625,000 to \$703,000 assuming an agreement is about signed April 22, 1985.

Project Description and Project Benefit

The Auburn 400 Corporate Park and the Quadrant Business Park - Bothell, both being developed by the Quadrant Corporation, a Weyerhaeuser Company, were identified as projects appropriate for a CD Float Loan placement. Quadrant is familiar with the CD Float Program and is capable of ensuring the absolute security of the County's CDBG funds. Prior to the expiration in April, 1986 of this recommended loan agreement with Quadrant, H&CD will conduct a process soliciting letters of interest and application.

This recommended CD Float Loan placement has been reviewed and approved by the King County Executive Finance Committee and the King County Finance Director. Region X HUD officials have reviewed and approved these projects.

AUBURN 400 CORPORATE PARK

Auburn 400 Corporate Park is a 314 acre light industrial park located within the Cities of Auburn and Algona on the east side of the State Route 167, West Valley Freeway interchange with 15th Street Southwest. Street and utility systems have been completed for the first two divisions of the project with the preparation of lots and the development of buildings to begin in the summer of 1985. The projected cost of the entire project is \$190 million.

Auburn 400 will be fully serviced light industrial park with sewer, water, storm drainage, power, telephone, and natural gas service. The park is designed to accommodate assembly, distribution, office and retail uses. Upon completion the park will accommodate 5,965,000 square feet of industrial/commercial activity.

CDBG Eligibility and Project Benefit

The Auburn 400 Corporate Park is within the cities of Auburn and Algona, both are areas with high concentrations of low and moderate income residents. The following summarizes the CDBG low/mod statistics for Auburn and Algona and the surrounding areas expected to be served in terms of job opportunities:

<u>Community</u>	<u>Low/Mod Residents</u>
Auburn	48%
Algona	67%
Pacific	56%
Federal Way Area	50%
Black Diamond/Enumclaw	56%

The project is expected to create a total of 5,250 jobs in the following classifications:

<u>Total Jobs Created</u>		<u>Low/Mod Jobs Created</u>	
3,400	manufacturing, assembly and repair	1,870	or 55% assembly/technical/manufacturing
1,850	office, service and professional	925	or 50% in clerical/office/service
<u>5,250</u>	TOTAL	<u>2,795</u>	TOTAL

In addition, the following indirect jobs will be created:

<u>Total Indirect Jobs</u>		<u>Low/Mod Indirect Jobs Created</u>	
7,875	indirect all classifications	3,150	service
<u>500</u>	construction	<u>175</u>	construction
<u>8,375</u>	TOTAL	<u>3,325</u>	TOTAL

In order to insure that these job opportunities are targeted to low and moderate income residents in the Auburn/Algona area, Quadrant will be required to do the following recruiting/training efforts:

- (1) Distribute a letter encouraging lessees and purchasers in the business park to contact the Private Industry Council (PIC) and utilize their training programs to identify employees who may be underemployed, unemployed and/or in training programs. Enclosed is a sample letter which would be distributed along with materials provided by the PIC.
- (2) Advertising of job opportunities in local community newspapers (in Auburn, Algona, Pacific, Federal Way, Black Diamond) and in King County minority newspapers will be encouraged to target job opportunities to these population groups.

In both projects, the CD Float Loan will accelerate the creation of the jobs by 12 to 18 months. Consequently, job opportunities will be available earlier and unemployed and underemployed people will be employed at significant public savings.

BOTHELL BUSINESS PARK

Quadrant Business Park - Bothell is a 175 acre high technology business and office park being constructed at the northeast quadrant of Interstate 405 and State Route 522. The project is bounded on its north by, and takes access from, Northeast 195th Street. Upon completion, this business park will contain 2,100,000 square feet of high technology light industrial uses, 650,00 square feet of office space, 55,000 square feet of retail commercial uses and 32 acres of public recreation facilities. The Total estimated cost of the project is \$180 million.

Quadrant Business Park - Bothell is designed to accommodate modern high technology industry, creating an environment attractive to businesses, employees and the surrounding community. In addition to the 132 acres

of net developable space, the business park will contain open space areas with jogging trails, recreation fields, a streamside park and bicycle facilities.

All project approvals have been received for the business park by The Quadrant Corporation. This business park will be full serviced with sewer, water, storm drainage, power, telephone and natural gas. Quadrant is making improvements both within the park and to surrounding streets and public facilities to the betterment of the business park itself and the citizens of Bothell and King County.

CDBG Eligibility and Project Benefit

This project is in Bothell and is expected to serve, in terms of job opportunities, nearby areas of Shoreline, Kenmore and Eastside. All of these areas have moderately high concentrations of low and moderate income people. The following summarizes the CDBG low/mod statistics for Bothell, Shoreline, Kenmore and Eastside:

<u>Community</u>	<u>Low/Mod Residents</u>
City of Bothell	38%
Shoreline Area	51.5%
Kenmore Area	54%
Eastside Area	46%

The project is expected to create a total of 5,400 direct jobs in the following classifications:

<u>Total Jobs Created</u>	<u>Low/Mod Jobs Created</u>
2,800 manufacturing, assembly and repairs	1,680 or 60% in assembly/technical/manufacturing
2,600 office, service and professional	1,300 or 50% in clerical/office/service
<u>5,400</u> TOTAL	<u>2,980</u> TOTAL

In addition, the following indirect jobs will be created:

<u>Total Indirect Jobs</u>	<u>Low/Mod Indirect Jobs Created</u>
1,350 construction	472 construction
<u>8,100</u> service	<u>3,240</u> service
<u>9,450</u> TOTAL	<u>3,712</u> TOTAL

The recruiting/training efforts described for the Auburn project will also be required for the Bothell project.

CD Float Loan Components

While the CD Float Loan will support the entire Auburn and Bothell projects, as described in the Loan Agreement, the loan will be made for specific non-construction components of the projects. The following is a list of the project components:

- (1) Architectural and engineering costs.
- (2) Engineering survey.
- (3) Municipal fees.
- (4) Project supervision not directly related to construction.
- (5) Legal costs.
- (6) Letter of credit fees.
- (7) Real estate taxes on the land and buildings.
- (8) Marketing expenses for the developments.
- (9) Payment of the real estate land contract and associated sales costs.
- (10) Interest carry on the land.
- (11) Interest carry on construction activity.
- (12) Air quality monitoring costs.
- (13) Puget Power assessment for installation of utilities and prepayment of associated costs.
- (14) City of Bothell assessment contributing to a proportionate share of the City's cost of constructing a new reservoir and water transmission line.
- (15) Street Local Improvement District (L.I.D.) assessments costs for work performed by the City of Auburn.
- (16) Purchase from Union Pacific Railroad an access rail siting into the project.

The loan will be advanced to Quadrant on a cash reimbursement basis similar to the cash flow shown on Attachment A. Once the County loans the entire \$13.8 million in our LOC, we will make partial demands back on the loan on a monthly basis to pay for CDBG expenses for existing CDBG projects. Quadrant will essentially become the County's bank during these periods of time.

Program Monitoring and Operation

H&CD will monitor loan requests from Quadrant on a monthly basis, interest income and rate adjustments on a quarterly basis and will monitor County CDBG cash requirements in order to make partial demands back on the loan. H&CD will coordinate between Quadrant accountants and the King County Finance Office to insure timely and accurate transactions.

All provisions of the loan agreements and recruiting/training requirements to ensure job opportunities to low and moderate income people will be monitored by H&CD for compliance.

In late 1985, preparations for applications for a 1986 Float Loan will begin and a recommendation for 1986 placement will be submitted to the Executive Finance Committee and the King County Council prior to expiration of the 1985 agreement in April, 1986.

b1/7



CD FLOAT LOAN
ESTIMATED CASH DRAWS
QUADRANT CORPORATION AND KING COUNTY

<u>King County Beginning Monthly CDBG Balance</u>	<u>Month</u>	<u>Loan to Quadrant</u>	<u>King County Cash Draws</u>
\$8,624,596 ^{1/}	April, 1985	\$7,030,000	0
1,011,263	May, 1985	570,000	0
0	June, 1985	0	507,071 ^{2/}
0	July, 1985	0	583,333
5,200,000	August, 1985	550,000	0
4,066,667	September, 1985	400,000	0
3,083,334	October, 1985	320,000	0
2,180,001	November, 1985	280,000	0
1,316,668	December, 1985	280,000	0
453,335	January, 1986	0	129,998
0	February, 1986	0	583,333
0	March, 1986	0	583,333
0	April, 1986	0	583,333
	TOTAL	\$9,430,000	

^{1/} Assumes January beginning CDBG balance	\$9,887,929
less January disbursements	<u>373,000</u>
less February disbursement	307,000
less March disbursement	<u>583,333</u>
4/1/85 beginning balance	\$8,624,596

^{2/}Assumes King County's monthly draws will be \$583,333. Historically, monthly draws have been as low as \$320,000 and as high as \$900,000 (13th month).

LOAN AGREEMENT

THIS AGREEMENT dated as of April __, 1985, is entered into by and between THE QUADRANT CORPORATION, a Washington corporation, hereinafter called "Borrower," and KING COUNTY, a Washington municipal corporation, hereinafter called "Lender."

RECITALS

This Agreement is entered into upon the basis of the following facts and circumstances:

A. Borrower now owns, or will own prior to the first disbursement, an interest in the real properties (the "Properties") described in Exhibit "A" attached hereto and made a part hereof.

B. Borrower proposes to develop certain projects upon the Properties known as Quadrant Corporate Park - Bothell and Auburn 400 Corporate Park, which projects are generally described in Exhibit "B" attached hereto and made a part hereof (hereinafter called the "Projects").

C. The Housing and Community Development Division of Lender is responsible within King County for the receipt and disbursement of Community Development Block Grant monies made available to Lender by the United States Department of Housing and Development (hereinafter called "HUD"), pursuant to the Housing and Community Development Act of 1974, as amended, and the federal regulations promulgated thereunder (hereinafter collectively called the "Act"). Lender seeks to maximize the use of such monies consistent with both Lender's and block grant program objectives.

D. The development of the Projects will create jobs and provide other public benefits and qualify for Community Development Block Grant monies under 24 CFR § 570.203. Lender has agreed

to lend Community Development Block Grant monies to Borrower (the "Loan") for the portions of the Projects described in Exhibit "C" attached hereto and made a part hereof (the "Project Components"). The Loan from Lender to Borrower for the Project Components will assist in the earlier development of the Projects, thus creating jobs and other public benefits at an earlier date.

E. The Loan from Lender to Borrower will have no negative effect on any project approved in Lender's 1983, 1983 Jobs' Bill, 1984 and 1985 Community Development Block Grants as detailed in Ordinances _____.

F. The Loan shall be evidenced by this Agreement and by Borrower's Promissory Note ("Note") in the form attached hereto as Exhibit "D" and secured by an unconditional irrevocable letter of credit, payable upon demand ("Letter of Credit") in the form attached hereto as Exhibit "E" (The Note and this Agreement are collectively referred to herein as the "Loan Documents").

G. Lender is willing to make the Loan to Borrower for the purposes hereinabove set forth, all upon the terms and conditions herein set forth.

H. Lender makes no commitment to future support and assumes no obligation for future support of the activities contracted for herein, except as expressly set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals and the covenants and conditions, representations and warranties contained herein, the parties hereto agree as follows:

ARTICLE I

THE LOAN

1.1 The Loan. In reliance upon Borrower's representations and warranties, and subject to the terms and conditions herein and in the Loan Documents, Lender hereby agrees to loan Borrower a sum of money not to exceed FOURTEEN MILLION and NO/100 DOLLARS

(\$14,000,000.00) for the purposes set forth herein, which funds shall be received by Lender from HUD and from no other source. Borrower shall have the right to receive Loan funds only pursuant to the terms and conditions of this Agreement and in accordance with the Act, and then, only to the extent Community Development Block Grant funds are made available to Lender by HUD. Should anticipated sources of revenue become unavailable to Lender for use in the Housing and Community Development Program, Lender shall immediately notify Borrower in writing and Lender will be released from all contracted liability for that portion of the Agreement covered by funds not yet received by Lender.

1.2 Interim Financing Only. The Loan is only to provide a portion of the interim financing for the Project Components identified in Exhibit "C" hereto. The Promissory Note evidencing the Loan is to be paid off on or before its maturity date from such sources as may be necessary to pay the Loan in full, including, without limitation, from the Letter of Credit.

1.3 Loan Documentation and Security. The Loan will be evidenced by this Agreement and by the Note. The Loan will be secured by the Letter of Credit.

ARTICLE II

BORROWER'S REPRESENTATIONS AND WARRANTIES

In order to induce Lender to make the Loan, Borrower represents and warrants as follows, which representations and warranties shall be true and correct as of the execution hereof and shall survive the execution and delivery of this Agreement, the Note and the Letter of Credit:

2.1 Organization of Borrower; Authority to Enter into Agreement. Borrower is a corporation duly formed and validly in existence pursuant to the laws of the State of Washington. Borrower has the right and power to purchase, occupy and develop

the Properties, and Borrower has full power and authority to enter into this Agreement, to borrow money as contemplated herein and to execute and carry out the provisions of the Loan Documents. The execution, delivery and performance of this Agreement and the Loan Documents have been duly authorized by all necessary corporate action, and no other action of Borrower is required for the execution, delivery and performance of this Agreement or the Loan Documents. This Agreement, the Note and all other Loan Documents which have been executed and delivered pursuant to this Agreement constitute, or, if not yet executed or delivered, will when so executed and delivered, constitute valid and binding obligations of Borrower, each enforceable in accordance with their respective terms.

2.2 Financial Statements. Any financial statements heretofore delivered to Lender in connection with the Loan or the application therefor by or on behalf of Borrower are true and correct in all respects, have been prepared in accordance with generally accepted accounting principles consistently applied, fairly represent the respective financial conditions of the subjects thereof as of the dates thereof and for the periods covered thereby, and no materially adverse change has occurred in the financial conditions presented therein since the respective dates thereof.

2.3 No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of Borrower threatened against or affecting it, its controlling shareholders, or the Properties in any court at law or in equity, or before or by any governmental or municipal authority which might adversely affect the ability of Borrower to perform its obligations hereunder or under any of the Loan Documents to which Borrower is a party.

2.4 Title. Borrower has, or will have, an interest in the Properties sufficient to enable Borrower to develop the Projects thereon.

2.5 Covenants, Zoning and Codes. Borrower has complied to date and will continue to comply with all applicable environmental statutes and regulations to be complied with in connection with the development of the Projects. All permits, consents, approvals or authorizations by, or registrations, declarations, withholding of objections or filings with any governmental body necessary in connection with the valid execution, delivery and performance of this Agreement, or presently necessary for the development of the Projects, have been obtained, are valid, adequate and in full force and effect or will be obtained prior to the commencement of any development activities for which a permit, consent, approval or authorization is necessary. Development of the Projects will in all respects conform to and comply with all covenants, conditions, restrictions and reservations affecting the Properties and with all applicable zoning, environmental protection, use and building codes, laws, regulations and ordinances.

2.6 Approval of Projects. The descriptions of the Projects set forth in Exhibit "B" hereto are general descriptions of the Projects. The Projects are satisfactory to Borrower and have been approved by Borrower, and have also been approved as required by all governmental bodies or agencies having jurisdiction and by the beneficiary of any restrictive covenant affecting the Properties.

2.7 Compliance With Documents. As of the date hereof and for so long as the Loan Documents remain in effect, Borrower is and will remain in full compliance with all of the terms and conditions of this Agreement, the Loan Documents, and no event of default has or shall have occurred or shall have occurred and be continuing, which, with the lapse of time or the giving of notice,

or both, would constitute such an event of default under the foregoing.

2.8 Private Industry Council and Advertising. During the term of this Agreement Borrower agrees to distribute to purchasers and lessees of the Projects a letter and background materials regarding the Seattle King County Private Industry Council ("PIC"), said letter and materials to be substantially in the form attached hereto as Exhibit "F" and by this reference made a part hereof. Borrower further agrees to advertise job opportunities regarding the Projects, which advertisements shall be placed in local community newspapers to be mutually agreed upon by Borrower and Lender and to include King County minority newspapers to target job opportunities to these population groups.

2.9 Incorporation of Representations and Warranties. The request by the Borrower for any advance of Loan proceeds under this Agreement shall constitute a certification by the Borrower that the aforesaid representations and warranties are true and correct as of the date of such request, except with respect to financial statements to the extent that such statements have been prepared with respect to an earlier date.

ARTICLE III

CONDITIONS PRECEDENT TO LOAN CLOSING

Lender's obligation to enter into and perform its duties under this Agreement shall be subject to the full and complete satisfaction of the following conditions precedent:

3.1 Documents. Lender shall have received and approved fully executed originals of each of the following documents which shall have been duly authorized, executed (and, where appropriate, acknowledged), and delivered by the parties thereto: this Agreement, the Promissory Note, the Letter of Credit, and any and all

other documents as Lender may deem reasonably necessary with respect to the Loan.

3.2 Evidence of Authority. Lender shall have received evidence satisfactory to it that Borrower and the persons signing on behalf of Borrower have the capacity and authority to execute and deliver Loan Documents on behalf of Borrower, including, but not limited to, copies of Borrower's Articles of Incorporation and By-Laws certified as true, complete and in full force and effect by the Secretary of the corporation, and a certified copy of the corporate resolution authorizing the corporation to enter into the Loan and the corporate officers to execute the Loan Documents and this Agreement.

3.3 Insurance.

(a) Borrower shall, at all times during the term of this Agreement, at its cost and expense, carry and maintain general public liability insurance against claims for bodily injury, personal injury, death or property damage occurring or arising out of services provided under this Agreement, which insurance shall cover such claims as may be occasioned by any act, omission, or negligence of the Borrower or its officers, agents, representatives, assigns or servants relating to the Projects. The limits of liability insurance, which may be increased from time to time as deemed necessary by Lender, with the approval of Borrower which shall not be unreasonably withheld, shall not be less than One Million Dollars (\$1,000,000) combined single limit personal injury and property damage insurance. The insurance required above shall be issued by an insurance company or companies authorized to do business within the State of Washington and must be acceptable to Lender. Lender shall be specifically named as an additional insured on all such policies, and all such

policy or policies shall be primary to any other valid and collectible insurance.

(b) Certificate or certificates or other evidence satisfactory to Lender evidencing the existence and terms and conditions of all insurance required above shall be delivered to Lender prior to the initial advance of Loan funds. The policy or policies of insurance required to be maintained in accordance with this Agreement shall not be cancelled or given notice of non-renewal nor shall the terms or conditions thereof be altered or amended without sixty (60) days' written notice being given to Lender.

ARTICLE IV

CONDITIONS PRECEDENT TO LOAN ADVANCES

4.1 Conditions Precedent to Initial Advance. Lender's

obligation to make the initial advance of Loan funds pursuant to the terms hereof shall, in addition to compliance with the terms of Article III hereof, be subject to receipt of the following documents and satisfaction of the following conditions precedent:

(a) Receipt by Lender of satisfactory proof that Borrower has obtained or will obtain the necessary funds for development of the Projects.

(b) Receipt by Lender of any other documents and assurances as it may reasonably request which are required by HUD or any federal, state or county regulatory agency which requests Lender to provide such documents or assurances.

(c) Lender shall have received and have in its possession sufficient Community Development Block Grant funds to fund the draw request of Borrower.

(d) No condition to subsequent advances as set forth in Section 4.2 hereof shall be breached with respect to the first advance.

4.2 Conditions Precedent to Subsequent Advances. In addition to compliance with the conditions precedent set forth in Article III and Section 4.1 hereof, Lender's obligation to make any advance of Loan funds after the initial advance shall be subject to satisfaction of the following conditions precedent:

(a) Borrower shall be in full compliance and shall not be in default hereunder or under any of the Loan Documents, provided, however, that Lender may, in its discretion, elect to make advances notwithstanding the existence of a default, and any advance so made shall be deemed to have been made pursuant to this Agreement and shall be secured by the Letter of Credit.

(b) Neither the Projects nor the Properties nor any part thereof shall have been materially damaged, destroyed, condemned or threatened with condemnation unless Borrower shall show to Lender's satisfaction that the Projects remain viable.

(c) No order or notice shall have been made by, or received from, any governmental agency having jurisdiction stating that the development of the Projects, or either of them, is or will be in violation of any law, ordinance, code or regulation affecting the Properties.

4.3 Borrower's Draw Requests. Borrower acknowledges that it has no right to the Loan proceeds other than to have them disbursed by Lender in accordance with the terms of this Agreement and in accordance with the Act and then only to the extent Lender has received Community Development Block Grant funds from HUD. Lender agrees that it will make every reasonable effort to disburse the Loan in installments within ten (10) days after receipt of each appropriate disbursement request from Borrower, with each disbursement to be in an amount equal to the total amount of each "appropriate draw request." An "appropriate draw request" shall consist of: a complete and accurate statement,

verified by the appropriate officer of Borrower, showing a complete and detailed breakdown of the total costs and expenses incurred by Borrower for the Project Components since the date of the preceding disbursement request, including, but not limited to, the total amount actually expended by Borrower for each Project Component and showing that portion of costs actually reimbursed to Borrower by others.

ARTICLE V

BORROWER'S LOAN COVENANTS

Borrower covenants and agrees as follows:

5.1 General. From and after the date hereof and so long as any amount remains unpaid on the Promissory Note, or for so long as any commitment exists to extend credit hereunder, Borrower covenants and agrees that it will:

(a) Promptly pay principal and interest pursuant to the Note as and when the same becomes due and payable;

(b) Preserve and keep in full force and effect its existence as a corporation, and retain an interest in the Properties;

(c) Maintain, preserve and keep its properties and equipment in good repair, working order and condition and from time to time make all needful and proper repairs, renewals, replacements and additions thereto so that at all times the efficiency thereof shall be fully preserved and maintained;

(d) Obtain and maintain the insurance required herein;

(e) Pay all costs, expenses and fees incurred by Lender arising out of or incurred in connection with any of the transactions contemplated hereby.

5.2 Changes to Projects. There shall be no material change ~~of the~~ Projects without the prior written approval of Lender, and,

to the extent that such approvals may be required, the appropriate governmental authorities.

5.3 Compliance with Laws. All work performed in connection with Borrower's development of the Projects and Borrower's use of the proceeds of the Loan shall comply with all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies now in force or which may be enacted hereafter.

5.4 Call Provision. In addition to, and not in any way to be deemed any limitation upon, Lender's right to demand repayment of the Loan at any time, Lender may call the Loan immediately due and payable if at any time during the term of the Loan without Lender's prior written approval:

(a) Borrower sells, transfers or assigns all or substantially all of the Projects, or either of them, whether voluntarily or involuntarily, or by the operation of law, except to a partnership or joint venture in which Borrower is a general partner or venturer, all as more fully set forth in the Note;

(b) There occurs any default under the terms of the Promissory Note, this Loan Agreement or any of the Loan Documents which is not remedied in full within any applicable curative period provided herein or therein.

Upon the occurrence of any of the foregoing, Lender may declare an Event of Default hereunder and exercise its rights and remedies pursuant to Article VI.

5.5 Inspections. Lender and its representatives shall have the right at all reasonable times during regular business hours (and at any time in the event of an emergency) to enter upon the Properties and inspect the Projects to determine that the same is in conformity with the Agreement and all laws, ordinances, rules and regulations applicable to Borrower's use of the Loan funds.

Lender shall have the further right, from time to time, to inspect Borrower's books and records relating to Borrower's use of the Loan funds. Without limiting the foregoing, Borrower shall permit Lender to examine and copy all books, records and other papers relating to Borrower's use of the Loan funds to insure Borrower's compliance with the Act and applicable provisions of 24 CFR Part 570.

5.6 Notify Lender of Litigation or Complaints. Borrower shall promptly notify Lender in writing of all litigation or possible litigation affecting Borrower or any part of the Projects, and of all complaints or charges made by any governmental authority affecting the Projects or Borrower which may require changes in the development of the Projects.

5.7 Indemnify Lender. Borrower shall indemnify and hold Lender, its elected and appointed officials and any employees thereof, harmless from all liability for any actual or alleged damage or injury of whatsoever nature arising out of or in any way connected with the Properties and/or the development of the Projects or arising out of Borrower's breach of the provisions of this Agreement, including the cost of defense thereof using counsel approved by Lender. Lender may commence, appear in or defend any action or proceeding purporting to affect the rights, duties or liabilities of the parties hereto, or the Properties or the Projects, and Borrower shall pay all of the Lender's costs and expenses incurred thereby on demand. This section shall survive execution, delivery and performance of this Agreement, the Note and the Loan Documents.

5.8 Further Assistance. Borrower will at any time and from time to time upon request of Lender take or cause to be taken any action, execute, acknowledge, deliver or record any further documents, opinions, or other instruments or obtain such

additional insurance as Lender is required to do or obtain by HUD or other federal, state or county regulatory agency.

ARTICLE VI

DEFAULT AND REMEDIES

6.1 Event of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) Any default by Borrower in the repayment of any indebtedness owing to Lender for any purpose or reason, which indebtedness is not paid when due.

(b) Any breach by Borrower of any of the non-monetary covenants and conditions of this Agreement, which breach is not cured to Lender's satisfaction within five (5) days from the occurrence thereof, provided, that in the event of a non-monetary breach or default by Borrower which is outside of the control of Borrower and which cannot be cured within said five (5) days, Borrower shall have commenced to cure its breach or default within said five (5) days and thereafter diligently proceeds to cure its breach or default. Notwithstanding anything to the contrary contained herein, any breach or default by Borrower of any applicable laws, ordinances, rules or regulations applicable to Lender, Borrower or Borrower's use of the Loan funds shall immediately constitute an Event of Default hereunder.

(c) Any representation, warranty or disclosure made to Lender by Borrower proves to be materially false or misleading as of the date when made, whether or not such representation or disclosure appears in this Agreement.

(d) Any material deviation in the development of the Projects without the approval of Lender which deviation is not corrected or substantially corrected within five (5) days after receipt of written notice thereof from Lender to Borrower.

(e) A petition in bankruptcy or for reorganization or for an arrangement under any bankruptcy or insolvency law or for a receiver or trustee for any of Borrower's property is filed by or against Borrower which is not dismissed within forty-five (45) days, or if Borrower makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts as they mature or any attachment or execution is levied against a substantial portion of the property of Borrower and is not discharged within forty-five (45) days.

(f) There occurs any event which in Lender's judgment materially adversely affects (i) the ability of Borrower to perform any of its obligations hereunder or under any of the Loan Documents, including, without limitation, the occurrence of any event of dissolution or termination of Borrower; (ii) the business or financial condition of Borrower; (iii) the operations or value of the Properties; or (iv) compliance with the Act.

6.2 Remedies. Upon the occurrence of an Event of Default, Lender may, in addition to any other remedies which Lender may have hereunder or under the Loan Documents or by law, at its option and without prior demand or notice take any or all of the following actions:

(a) Immediately terminate any further advance of Loan funds hereunder.

(b) Declare the Note immediately due and payable and commence collection proceedings against the Letter of Credit. Lender agrees that, prior to commencing litigation against Borrower to collect the Loan, Lender shall first make claim pursuant to the Letter of Credit, provided, that nothing contained herein shall require Lender to exhaust its collection proceedings under the Letter of Credit prior to commencing litigation against Borrower.

All remedies of Lender provided for herein and in any other Loan Document are cumulative and shall be in addition to all other rights and remedies provided by law. The exercise of any right or remedy by Lender hereunder shall not in any way constitute a cure or waiver of default hereunder or under any other Loan Document or invalidate any act done pursuant to any notice of default, or prejudice Lender in the exercise of any of its rights hereunder or under any other Loan Documents unless, in the exercise of said rights, Lender realizes all amounts owed to it under such Loan Documents.

ARTICLE VII

MISCELLANEOUS

7.1 No Waiver. No waiver of any default or breach by Borrower hereunder shall be implied from any failure by Lender to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Lender to, or of, any act by Borrower requiring further consent or approval shall not be deemed to waive or render unnecessary the consent or approval to, or of, any subsequent similar act.

7.2 Successors and Assigns. This Agreement is made and entered into for the sole protection and benefit of Lender and Borrower, their successors and assigns, and no other person or persons shall have any right of action hereunder. The terms hereof shall inure to the benefit of the successors and assigns of the parties hereto; provided, however, that the Borrower's interest hereunder cannot be assigned or otherwise transferred

without the prior consent of Lender, except as set forth in the Note and Section 5.4(a) above.

7.3 Notices. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below by personal service or registered or certified, first class mail, return receipt requested. The addresses may be changed by notice to the other party given in the same manner as provided above. If notice is given by mail, it shall be deemed received on the earlier of: (i) receipt as shown on the return receipt, or (ii) three (3) days after its deposit in the U.S. mail.

If to Borrower:

The Quadrant Corporation
1427 - 116th Avenue N.E.
Bellevue, Washington 98004
Attn: Stephen Dennis,
Senior Vice President

With a copy to
(Not necessary for
demands made under
the Note):

Jerome L. Hillis
Hillis, Cairncross, Clark &
Martin
403 Columbia Street
Seattle, WA 98104

If to Lender:

Housing and Community
Development Division
King County
600 Alaska Building
618 Second Avenue
Seattle, Washington 98104
Attn: Manager

7.4 Time. Time is of the essence hereof.

7.5 Amendments. No amendment, modification, or termination of any provisions of this Agreement or of any of the Loan Documents shall in any event be effective unless the same shall be in writing and signed by Lender and Borrower.

7.6 Headings. The article and section headings in no way define, limit, extend or interpret the scope of this Agreement or of any particular article or section.

7.7 Number and Gender. When the context in which the words are used in this Agreement indicate that such is the intent, words

in the singular number shall include the plural and vice-versa. References to any one gender shall also include the other gender if applicable under the circumstances.

7.8 Validity. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect in any respect whatsoever the validity of the remainder of this Agreement.

7.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the County of King, except to the extent federal law applies.

7.10 Survival of Warranties. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement and of the Loan Documents and the making of the Loan hereunder and continue in full force and effect until the obligations of Borrower hereunder and the indebtedness evidenced by the Promissory Note have been fully paid and satisfied.

7.11 Venue and Forum. In the event that any legal action should be filed by either party against the other, the venue and forum for such action shall be the Superior Court of the State of Washington for the County of King.

7.12 Attorneys' Fees. In the event either party shall bring an action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses, including, but not limited to, reasonable attorneys' fees as determined by the court.

7.13 Conflict of Interest. No member, official or employee of Lender shall have any personal interest, direct or indirect, in the subject matter of this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of

any corporation, partnership or association in which he is interested, whether directly or indirectly.

7.14 Duplicate Originals. This Agreement shall be executed in duplicate and each of the parties hereto shall receive an original, provided, that each original shall constitute one and the same agreement.

IN WITNESS WHEREOF, Borrower and Lender have executed this Agreement as of the date first written above by and through their duly authorized representatives.

LENDER

BORROWER

KING COUNTY, a Washington municipal corporation

THE QUADRANT CORPORATION, a Washington corporation

By: _____
Randy Revelle
King County Executive

By: _____
Title: _____

Approved as to form:

Norm Maleng, King County
Prosecuting Attorney

By: _____
Deputy Prosecuting Attorney

STATE OF WASHINGTON)
) ss:
COUNTY OF KING)

On this _____ day of _____, 1985,
before me personally appeared _____, to me
known to be the _____ of THE QUADRANT CORPORATION, the
corporation that executed the within and foregoing instrument, and
acknowledged the said instrument to be the free and voluntary act
and deed of said corporation, for the uses and purposes therein
mentioned, and on oath stated that he was authorized to execute
said instrument and that the seal affixed is the corporate seal of
said corporation.

WITNESS my hand and official seal hereto affixed the day
and year first above written.

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

EXHIBIT A

AUBURN 400
LEGAL DESCRIPTION

That portion of the NE 1/4 of Section 23, T.21N., R.4E., W.M., City of Auburn, King County, Washington, lying Southeasterly of SR 167 and lying Southerly of SR 18 and lying Northerly of 15th Street S.W.; EXCEPT the East 230 feet of the South 300 feet thereof.

TOGETHER WITH that portion of said NE 1/4 lying Southeasterly of SR 167 and lying Southerly of 15th Street S.W. and lying Westerly of Access Right-of-Way No. 1 as relinquished to the City of Auburn and lying Northerly of 17th Street S.W.

ALSO TOGETHER WITH that portion of the SW 1/4 of Section 13, T.21N., R.4E., W.M., City of Auburn, King County, Washington, lying Southerly of SR 18 and lying Westerly of the Seattle-Tacoma Interurban Railway (AKA the Puget Sound Power and Light Company Right-of-Way).

ALSO TOGETHER WITH that portion of the NW 1/4 of Section 24, T.21N., R.4E., W.M., City of Auburn, King County, Washington, lying Westerly of the Seattle-Tacoma Interurban Railway (AKA the Puget Sound Power and Light Company Right-of-Way) and lying Northerly of 15th Street S.W.; EXCEPT the West 70 feet of the South 50 feet thereof.

ALSO TOGETHER WITH that portion of said NW 1/4 of Section 24, lying Southerly of 15th Street S.W. and lying Westerly of the Seattle-Tacoma Interurban Railway (AKA the Puget Sound Power and Light Company Right-of-Way) and lying Northerly of 17th Street S.W. and lying Easterly of Access Right-of-Way No. 1 as relinquished to the City of Auburn.

ALSO TOGETHER WITH that portion of the Southwest 1/4 of Section 24, T.21N., R.4E., W.M., lying East of the right-of-way deeded to Seattle-Tacoma Interurban Railway by deed recorded under Recording No. 212733;

EXCEPT the North 30 feet lying within 17th Street S.W.
(12th Avenue North);

AND EXCEPT that portion conveyed to the City of Algona by deed recorded under Recording No. 6724451;

ALSO TOGETHER WITH all of Algona Industrial Park, Division I, as per Plat recorded in Volume 76 of Plats, Page 28, Records of King County.

EXHIBIT A
QUADRANT PROPERTY LEGAL DESCRIPTION
Corporate Park - Bothell

THAT PORTION OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING WESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SUBDIVISION 687.04 FEET EAST OF THE NORTHWEST CORNER; THENCE SOUTH 9°51' EAST 1209 FEET; THENCE SOUTH 12°42' WEST 132.4 FEET MORE OR LESS TO THE SOUTH LINE OF SAID SUBDIVISION AND THE TERMINUS OF SAID LINE.

EXCEPT THAT PORTION CONVEYED TO KING COUNTY FOR N.E. 195TH ST. UNDER AUDITOR'S FILE NO. 137263, AND EXCEPT THAT PORTION AS CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 667064, FOR PRIMARY STATE HIGHWAY NO. 1.

THAT PORTION OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING EASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SUBDIVISION 687.04 FEET EAST OF THE NORTHWEST CORNER; THENCE SOUTH 9°51' EAST 1209 FEET; THENCE SOUTH 12°42' WEST 132.4 FEET MORE OR LESS TO THE SOUTH LINE OF SAID SUBDIVISION AND THE TERMINUS OF SAID LINE, AND LYING WESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE NORTH LINE OF SAID SUBDIVISION 669.50 FEET WEST OF THE NORTHEAST CORNER; THENCE SOUTH 1°02'20" EAST 658.98 FEET; THENCE SOUTH 28°41'20" EAST 748.82 FEET MORE OR LESS TO THE SOUTH LINE OF SAID SUBDIVISION AND THE TERMINUS OF SAID LINE.

EXCEPT THAT PORTION CONVEYED TO KING COUNTY FOR N.E. 195TH ST., UNDER AUDITOR'S FILE NO. 137263, AND EXCEPT THAT PORTION AS CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 667064, FOR PRIMARY STATE HIGHWAY NO. 1.

THE EAST 453.5 FEET OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON.

EXCEPT THAT PORTION CONVEYED TO KING COUNTY FOR N.E. 195TH ST. BY DEED RECORDED UNDER AUDITOR'S FILE NO. 137263, AND EXCEPT THAT PORTION CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 667064, FOR PRIMARY STATE HIGHWAY NO. 1.

ALL THAT PORTION OF THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 26 NORTH, RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON AND OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 9, SAID TOWNSHIP AND RANGE, LYING NORTHEASTERLY OF THAT PROPERTY APPROPRIATED TO THE STATE OF WASHINGTON FOR HIGHWAY PURPOSES IN KING COUNTY SUPERIOR COURT CAUSE NO. 665374;

EXCEPT THOSE PORTIONS THEREOF CONVEYED TO THE STATE OF WASHINGTON BY DEEDS RECORDED UNDER AUDITOR'S FILE NUMBERS 4829134 AND 5069551;

TOGETHER WITH ALL THAT PORTION OF SAID SOUTH HALF OF SOUTHWEST QUARTER OF SECTION 4 AND OF SAID NORTHWEST QUARTER OF NORTHWEST QUARTER OF SECTION 9 LYING WESTERLY OF THAT PROPERTY APPROPRIATED TO THE STATE OF WASHINGTON FOR HIGHWAY PURPOSES IN KING COUNTY SUPERIOR COURT CAUSE NO 665374;

AND TOGETHER WITH AN EASEMENT FOR ROADWAY OVER A STRIP OF LAND 24 FEET IN WIDTH EXTENDING NORTH AND SOUTH THROUGH THE CENTER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SAID SECTION 4, TO THE SOUTH LINE OF COUNTY ROAD, AS GRANTED BY INSTRUMENT RECORDED UNDER AUDITOR'S FILE NO. 901014, RECORDS OF KING COUNTY, WASHINGTON.

QUADRANT BUSINESS PARK - BOTHELL

PROJECT DESCRIPTION

Quadrant Business Park - Bothell is a 175 acre high technology business and office park being constructed at the N.E. quadrant of Interstate 405 and State Route 522. The project is bounded on its north by, and takes access from, N.E. 195th Street. Upon completion, this business park will contain 2,100,000 square feet of high technology light industrial uses; 650,000 square feet of office space; 55,000 square feet of retail commercial uses; and 32 acres of public recreation facilities. The total estimated cost of the project is \$180 million.

Quadrant Business Park - Bothell is designed to accommodate modern high technology industry, creating an environment attractive to businesses, employees and the surrounding community. In addition to the 132 acres of net developable space, the business park will contain open space areas with jogging trails, recreation fields, a streamside park and bicycle facilities.

All project approvals have been received for the business park by The Quadrant Corporation. This business park will be fully serviced with sewer, water, storm, power, telephone and natural gas. Quadrant is making improvements both within the park and to surrounding streets and public facilities to the betterment of the business park itself and the citizens of Bothell and King County.

IMPACT ON EMPLOYMENT

Employment benefits from the park are being realized during initial site construction with more than 100 individuals benefiting from work associated with the project. Employment projections at full development are 5,400 employees; 2,800 in manufacturing, assembly and repair and 2,600 office, service and professional positions. The park is forecast for full development within five years. Secondary employment growth in the surrounding community could approach a three to one ratio. At full development the project will generate approximately \$700,000 in annual revenues to local governments and \$500,000 annually to School District #417.

e/104
3/25/85

AUBURN 400 CORPORATE PARK

Auburn 400 Corporate Park is a 314 acre light industrial park lying within the Cities of Auburn and Algona on the east side of the State Route 167, West Valley Freeway interchange with 15th Street S.W. Street and utility systems have been completed for the first two divisions of the project with the preparation of lots and the development of buildings to begin in the summer of 1985. The projected cost of the entire project is \$190 million.

Auburn 400 is a fully serviced light industrial park with sewer, water, storm, power, telephone, and natural gas facilities. The park is designed to accommodate assembly, distribution, office and retail uses. Upon completion the park will accommodate 5,965,000 square feet of industrial/commercial activity.

IMPACT ON EMPLOYMENT

It is projected that total employment to be created within Auburn 400 Corporate Park will be 5,250 primary jobs. Secondary support jobs in the surrounding community could be expected to approach a three to one ratio. At buildout, involved jurisdictions will receive an estimated \$3 million annually in property tax revenues.

The project has received all permit approvals and, as previously noted, the initial infrastructure construction is complete. Subsequent minor permits will be necessary as planned buildings come on line.

e/105
3/25/85



King County Executive
Randy Revelle

Department of Planning and Community Development
Holly Miller, Director

March 20, 1985

Mr. Joe Stripling
Labor Relations Officer
United States Department of
Housing and Urban Development
1321 Second Avenue
Seattle, WA 98101

Dear Mr. Stripling:

I understand the you spoke on March 15, 1985 with John Finke of the National Development Council, on behalf of King County, regarding our intent to make an interim financing loan using King County Community Development Block Grant (CDBG) funds. We anticipate loaning King County CDBG funds on an interim basis for an economic development project.

The following is a listing of project components for which we would anticipate making the loan:

1. Architectural and engineering expenses incurred prior to start of construction on a particular element of the project, including architectural work on buildings and site improvements.
2. Engineering survey. The developer of the project would intend to use site surveying to lay out building locations, rail lines and utilities prior to construction of same and, secondly, surveying which could occur during construction on a particular facility. We need to know if there will be any distinction between the two types.
3. Municipal fees for zoning and land use review matters as well as municipal fees for checking of plans for buildings, utilities, etc.
4. Project supervision not directly related to construction.
5. Legal costs not involving construction items.
6. Letter of credit fees.
7. Real estate taxes on the land and buildings.
8. Marketing expenses for the developments.

Housing and Community Development Division 600 Alaska Building 618 Second Avenue Seattle, WA 98101 (206) 344-7605

EXHIBIT "C"

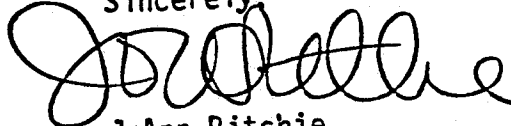
Mr. Joe Scipione
March 20, 1985
Page Two

9. Payment of the real estate land contract and associated sales costs.
10. Interest carry on the land.
11. Interest carry on construction activity.
12. Air quality monitoring costs.
13. Puget Power assessment for installation of utilities and prepayment of associated costs.
14. City of Bothell assessment contributing to a proportionate share of the City's cost of constructing a new reservoir and water transmission line.
15. Street Local Improvement District (L.I.D.) assessments costs for work performed by the City of Auburn. We need to know whether there is any distinction between paying off an existing L.I.D. as opposed to costs associated with a new L.I.D.
16. Purchase from Union Pacific Railroad an access rail siting into the project.

We would appreciate your review of these components with regard to Davis-Bacon requirements. We need to know if any of the above items are subject to Davis-Bacon, and if so, does that mean that only that component is subject to Davis-Bacon or does it mean that the entire projects have to comply with Davis-Bacon.

Thank you for your assistance. If you have any questions regarding these components, please feel free to call me at 344-7605 or John Finke at 382-9595.

Sincerely,



JoAnn Ritchie
Manager

JR:p2/10

cc: John Finke, National Development Council
Vince Gonzales, Community Planning and Development Representative,
United States Department of Housing and Urban Development
Jaime Garcia, Chief, CDBG Planning and Administration Section

bcc: Phyllis Macleod, Deputy Prosecuting Attorney
Richard Wilson, Attorney, Hillis, Cairncross, Clark & Martin
George Sherwin, Project Manager, Quadrant Corporation

LAW OFFICES OF

HILLIS, CAIRNCROSS, CLARK & MARTIN

A PROFESSIONAL SERVICE CORPORATION

403 COLUMBIA STREET

SEATTLE, WASHINGTON 98104

(206) 623-1745

March 26, 1985

GLENN J. AMSTER
JOEL N. BODANSKY
H. RAYMOND CAIRNCROSS
WENDY W. CAIRNCROSS
LAURIE LOOTENS CHYZ
MARK S. CLARK
SALLY H. CLARKE
T. RYAN DURKAN
GARY M. FALLON
ROBERT B. FIKSO
FRED S. FINKELSTEIN
RICHARD E. GIFFORD
JEROME L. HILLIS
GREGORY E. KELLER

GEORGE A. KRESOVICH
SARAH E. MACK
DEBORAH S. MALANE
GEORGE W. MARTIN, JR.
LOUIS D. PETERSON
SHERYL K. PETERSON
JAMES J. RAGEN
STEVEN R. ROVIG
MICHAEL F. SCHUMACHER
MICHAEL R. SCOTT
RICHARD S. SWANSON
RICHARD R. WILSON
CHARLES B. WRIGHT

Ms. JoAnn Ritchie
Manager
Housing and Community Development Division
Department of Planning and Community
Development
King County
600 Alaska Building
618 2nd Avenue
Seattle, Washington 98104

RECEIVED

MAR 27 1985

KING COUNTY
H & CD

Re: Quadrant/Letter of Credit

Dear JoAnne:

Enclosed please find a substantially completed Application and Agreement for Standby Credit stamped "draft". The document has been prepared in accordance with our discussions to date and the terms of the draft Promissory Note and Loan Agreement. As we have advised you, the final form and content of the Letter of Credit are subject to review and approval by Weyerhaeuser and the issuing Bank. The language shown has been informally reviewed and we do not anticipate any problems at this time. Of course, certain information such as the expiration date, cannot be inserted until later.

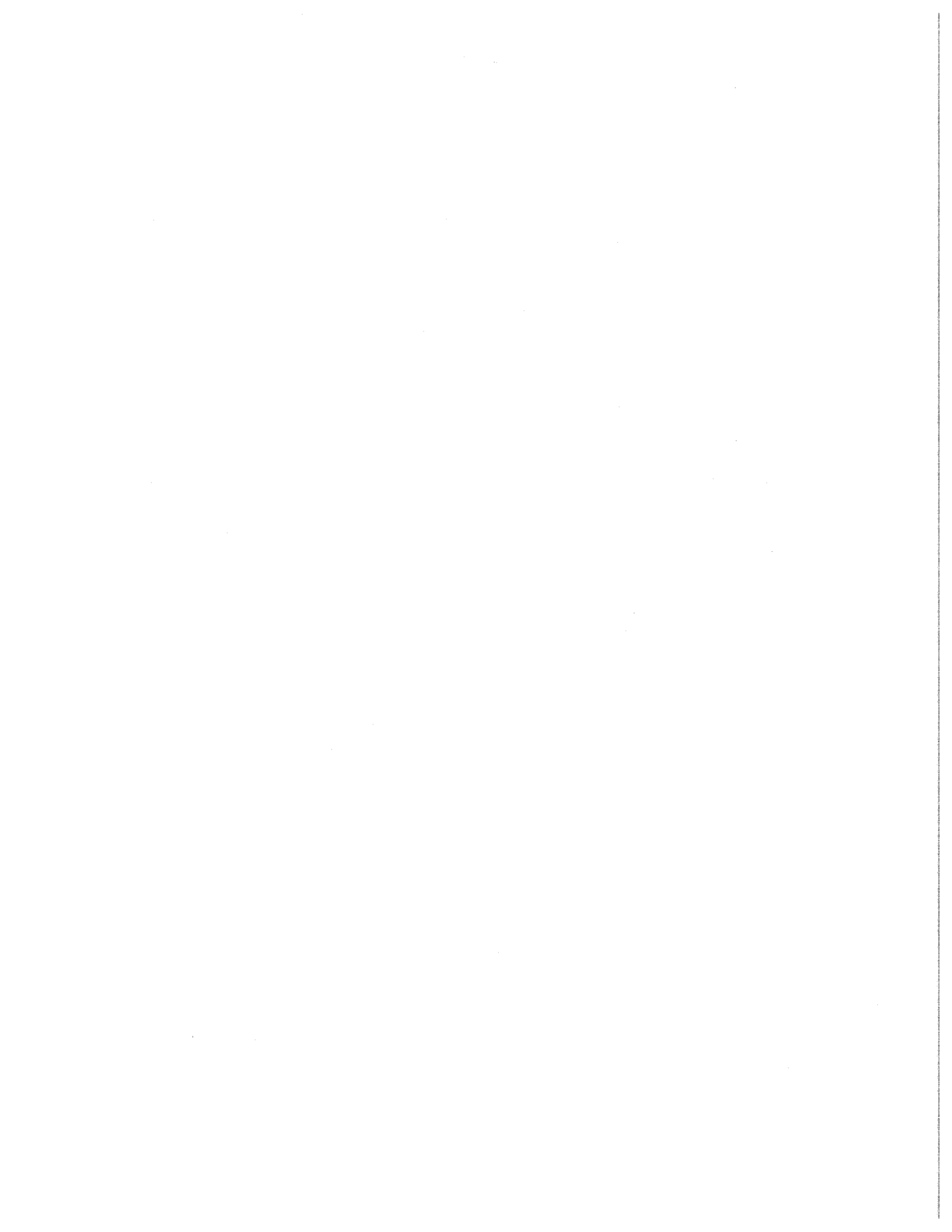
I trust this additional information will suffice for purposes of your staff meetings this week and next. Feel free to provide a copy of the enclosed to Mr. Lombard and Ms. MacLeod. Please contact me if you have any questions.

Very truly yours,



Richard E. Gifford

REG:js
Enclosures
cc(w/enc): Mr. Steve Dennis
Mr. George Sherwin





APPLICATION AND AGREEMENT FOR STANDBY CREDIT

DRAFT FOR DISCUSSION PURPOSES ONLY.

PLEASE ISSUE YOUR IRREVOCABLE STANDBY CREDIT ON SUBSTANTIALLY THE TERMS AND CONDITIONS AS INDICATED HEREIN. ADVISE BY:

- MAIL, TELEX SHORT DETAILS, TELEX FULL DETAILS

CREDIT NUMBER (FOR BANK USE ONLY)

NO.

FORWARD STANDBY CREDIT (CHECK ONE): DIRECTLY TO BENEFICIARY OR THROUGH YOUR CORRESPONDENT, DIRECTLY TO APPLICANT, THROUGH. FOR ACCOUNT OF (NAME AND ADDRESS). IN FAVOR OF (BENEFICIARY'S NAME & ADDRESS): King County, 600 Alaska Building, 618 Second Avenue, Seattle, Washington 98104. AMOUNT (INDICATE CURRENCY TYPE - E.G. U.S. \$ - AND SPECIFY AMOUNT IN FIGURES AND WORDS.): U.S. Funds, FOURTEEN MILLION and 00/100ths Dollars (\$14,000,000.00). EXPIRATION DATE, EXPIRES IN (PLACE): (NOTE: EXPIRES AT YOUR ISSUING OFFICE UNLESS OTHERWISE SPECIFIED.)

AVAILABLE BY DRAFTS AT _____ SIGHT DRAWN AT YOUR OPTION ON YOU OR YOUR CORRESPONDENT.

ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

THE BENEFICIARY'S CERTIFICATION THAT It is the holder of that certain Promissory Note dated _____, 1985 in the amount of \$14,000,000.00 from Applicant to Beneficiary (the "Note"), that there has been a default under the Note and/or that certain Loan Agreement between Applicant and Beneficiary dated _____, 1985 (the "Loan Agreement"), and that Beneficiary is entitled under the Loan Agreement to the payment demanded.

PURPOSE: To secure Applicant's obligations under the Note and the Loan Agreement.

OTHER CONDITIONS: See Terms and Conditions listed on reverse; no other conditions except as specified herein.

I/ WE HEREBY AGREE TO THE TERMS & CONDITIONS, COVENANTS & AGREEMENTS ABOVE & ON THE REVERSE HEREOF.

The Quadrant Corporation

APPLICANT

P.O. Box 130, Bellevue, WA 98009

ADDRESS

AUTHORIZED SIGNATURE - TITLE

AUTHORIZED SIGNATURE - TITLE

FOR BANK USE ONLY

IN REIMBURSEMENT FOR PAYMENTS & CHARGES DEBIT:

THIS OFFICE, CUSTOMER'S ACCOUNT NO.

FORWARD DOCUMENTS: TO THIS OFFICE, DIRECT TO CUSTOMER

COMMISSION: %

APPROVED

R/C DATE

TERMS AND CONDITIONS ON REVERSE

EXHIBIT "E"

TERMS AND CONDITIONS

In consideration of SEATTLE-FIRST NATIONAL BANK ("Bank") issuing the credit for which application is made on the reverse side whether or not titled a Standby Letter of Credit, and any modifications or extensions thereof ("Standby Credit"), each of the undersigned (an "Applicant") jointly and severally agrees as follows:

Payment Terms:

1. Applicant promises to pay Bank upon demand at Bank's World Banking Operations Letter of Credit Section office in Seattle, Washington (unless elsewhere specified by the Bank) the following:

a. The amount paid or to be paid by the Bank on each draft, demand or claim ("Demand") under the Standby Credit. If the Demand is payable in U.S. currency, Applicant shall pay the amount in U.S. currency. If the Demand is payable other than in U.S. currency, at Bank's sole option, Applicant shall pay either (i) the amount in such other currency at such place as the Bank directs, or (ii) the equivalent amount in U.S. currency at the Bank's then applicable selling rate for cable transfers to the place and in such currency as the Demand is payable;

b. All expenses or charges, including without limitation, attorneys' and legal fees, collection costs and taxes incurred by or imposed on the Bank and/or its correspondents in connection with this Agreement, the Standby Credit, or any Demand;

c. Bank's commissions and fees for issuance, modification, extension, transfer, increase and other such services in accordance with Bank's schedule of fees and commissions in effect at the time of each such service or as otherwise agreed by Bank in writing; and

d. Interest on the above amounts from the date due until paid at a rate per annum equal to two percentage points above Bank's announced Prime Rate (changing as Bank's prime rate changes) unless otherwise agreed in writing by Bank.

2. Bank is authorized to charge Applicant's account(s) maintained with Bank or any affiliate of Bank for the amounts due Bank under this Agreement.

Warranties

3. Applicant represents and warrants to Bank that:

a. Applicant has taken all action and obtained all approvals and consents necessary for, and has full authority and legal right to enter into and perform this Agreement.

b. Neither the entry into nor performance of this Agreement by Applicant will:

(i) Breach any agreement, order or judgment to which Applicant is a party or which is binding on Applicant or Applicant's property;

(ii) Contravene Applicant's charter or articles;

or

(iii) Violate any law applicable to Applicant.

Extensions, Increases or Modifications of the Credit.

4. At the request or with the consent of any Applicant, the Bank may increase the amount, extend the time or otherwise modify any of the terms or conditions of the Standby Credit and as so increased, extended or modified, this Agreement, the Standby Credit, and any action taken by the Bank or its correspondents in accordance therewith, shall be binding upon all Applicants.

5. Bank is authorized to restate in the Standby Credit the terms of the application with such modifications or variations as it, in its sole discretion, determines necessary or appropriate and not materially inconsistent with the terms of the application. Further Applicant shall be conclusively deemed to have waived any objection to any variation between the terms of the application and any documents issued by Bank unless Applicant notifies Bank in writing thereof immediately upon receipt of such documents.

6. Bank and its correspondents may, under the Standby Credit, accept and pay any Demands or other documents (otherwise in order) signed or issued by the receiver, trustee in bankruptcy, executor or other legal representative of the person named in the Standby Credit as the person by whom Demands or other documents are to be made or issued.

Responsibilities and Liabilities

7. The users of the Standby Credit shall be deemed agents of Applicant. Bank and its correspondents shall not be responsible for, and Applicant's liability and obligations hereunder shall not be affected by:

a. The validity, accuracy, sufficiency, genuineness or legal effect of any demands or other documents, even if same should in fact be invalid, fraudulent, forged, inaccurate or insufficient;

b. The failure of any Demand to bear any, or adequate, reference to the Standby Credit;

c. Any omissions, errors, delays in, or nondelivery of, any message however sent;

d. Any error, omission or failure in business of any correspondent; or

e. Any consequences arising from causes beyond Bank's control;

and any act or omission by Bank if in good faith, shall be binding on Applicant.

8. In case of any variation between documents accepted by Bank or its correspondents, Applicant shall be conclusively deemed to have waived any objection unless immediately upon receipt of such documents or notice of the variation, Applicant files written objection with the Bank.

9. Applicant will bear, pay, indemnify and save harmless Bank and its correspondents from all liability, demands, loss or expenses however arising under, in connection with, or enforcement of, this Agreement and/or the Standby Credit.

Default

10. Upon the occurrence with respect to any Applicant, endorser or guarantor, of any of the following:

a. Default in payment when due or performance of any of Applicant's obligations under this Agreement;

b. The commencement of bankruptcy, receivership, reorganization or any other proceeding for the relief of debtors, by or against, or the death, dissolution, termination of existence, suspension of business or insolvency of, any of them;

c. Any misrepresentation by, failure to disclose any material fact, or failure to establish upon demand the correctness of any representations to Bank made by, any of them;

d. The occurrence of any event of default under any agreement for the extension of credit to any of them whereby the holder has the right to accelerate the maturity of the obligation whether or not such right is exercised; or

e. The Bank for any reason in good faith deems itself insecure;

Then Bank at its election, without notice or demand, may declare any and all amounts payable under Section 1 of this Agreement, even though contingent and not matured, and any other amounts owing under this Agreement to be immediately due and payable. Also Bank may terminate any agreement for financial accommodation. Applicant waives the right to interpose any defenses based on any statute of limitations or any setoff or counterclaim of any nature.

Governing Law

17. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Any provision hereof which may prove unenforceable shall not affect the validity or enforceability of any other provision hereof.

18. Except as may be otherwise provided on the reverse side, the Standby Credit shall be subject to the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce as in force on the date of issuance of the Standby Credit.

The Quadrant Corporation
A Weyerhaeuser Company



(New Tenant/New Buyer)

Dear _____ :

As a board member of the newly formed Seattle King County Economic Development Council, The Quadrant Corporation is interested in stimulating the local economy and creating jobs. For this reason, we have enclosed some materials on training and job placement services available through the Seattle King County Private Industry Council (PIC). The PIC offers a range of services including customized training to suit your particular skill needs, wage subsidies during the training period, and up to a \$1,500 tax credit.

We encourage you to use the PIC to assist in meeting your employee needs. You may contact _____ at _____ who would be pleased to help.

Yours truly,

1427 - 116th Avenue N.E.
P.O. Box 130
Bellevue, Washington 98009
(206) 455-2900

EXHIBIT "F"

PROMISSORY NOTE

\$14,000,000.00

April _____, 1985
Seattle, Washington

FOR VALUE RECEIVED, the undersigned, THE QUADRANT CORPORATION, a Washington corporation, promises to pay to the order of KING COUNTY, a Washington municipal corporation, at 600 Alaska Building, 618 Second Avenue, Seattle, Washington 98104, or such other place as the holder of this Note may from time to time designate, the principal sum of Fourteen Million and No/100 Dollars (\$14,000,000.00) or so much thereof as may from time to time be outstanding hereunder, together with interest on the unpaid balance of principal at the initial rate of eight and six-tenths percent (8.6%) per annum, calculated on the basis of a 365-day calendar year. The interest accrued hereunder, whether the initial rate or as adjusted as set forth below, shall be compounded and added to the principal balance hereof on August 1, 1985 and on the first day of each third calendar month thereafter until this Note is fully paid. Interest shall be calculated for each day all or any part of the principal balance hereof shall remain outstanding. Interest shall be payable upon maturity as set forth below.

The initial interest rate set forth above shall be adjusted on August 1, 1985 and on the first day of each third calendar month thereafter (hereinafter called an "Adjustment Date") until this Note is fully paid as follows: The base index for purposes of adjusting the initial interest rate (herein called the "Base Index") shall be the numerical average of the coupon equivalent yield for United States Thirteen Week Treasury Bills as published every Tuesday by the Wall Street Journal (or other financial

newspaper of general circulation) for the Treasury Bill auctions for the preceding Monday between January 1, 1985 and March 31, 1985, which Base Index the undersigned and the holder of this Note agree shall be _____%. On each Adjustment Date, the holder of this Note shall compute the numerical average of the coupon equivalent yield for United States Thirteen Week Treasury Bills published by the Wall Street Journal (or other financial newspaper of general circulation) during the previous three (3) calendar months (hereinafter called the "Adjustment Index"). If due to holidays or other circumstances the weekly Treasury Bill auction is not held on a Monday or the Wall Street Journal (or other financial newspaper of general circulation) is not published on Tuesday, the coupon equivalent yield to be used in calculating the Adjustment Index shall be the coupon equivalent yield first published in the Wall Street Journal (or other financial newspaper of general circulation) following the weekly auction. This Adjustment Index shall become the Base Index for the following quarter. If the Adjustment Index is greater than the Base Index, the difference between said indexes shall be added to 8.6% to obtain the interest rate commencing on the Adjustment Date. If the Adjustment Index is less than the Base Index, the difference between the indexes shall be subtracted from 8.6% to obtain the interest rate commencing on the Adjustment Date. Notwithstanding the foregoing, in no event shall the interest rate charged hereunder exceed nine and six-tenths percent (9.6%) per annum nor be less than seven and six-tenths percent (7.6%) per annum, calculated on the basis of a 365-day calendar year.

The principal balance outstanding hereon, together with all accrued and unpaid interest and any other sums due hereunder, shall be due and payable in full on the earlier of (i) demand by the holder hereof (said demand to be made as set forth below), or

(ii) April ___, 1986. Notwithstanding the foregoing, the holder of this Note shall have the absolute right to demand partial repayments of the principal balance of this Note not more often than once per calendar week nor five (5) times per calendar month (said demands to be made as set forth below).

Provided that the undersigned shall first give the holder of this Note thirty (30) calendar days' prior notice, the indebtedness evidenced hereby may be prepaid in whole or in part from time to time without premium or penalty.

Should default be made in any payment when due or in the performance or observance of any of the covenants and agreements of this Note, the whole sum of principal and interest shall become immediately due and payable at the option of the holder. Failure to exercise such option shall not constitute a waiver of the right to exercise it in the event of a continuing or subsequent default.

This Note is issued pursuant to and is entitled to the benefits of that certain Loan Agreement (the "Loan Agreement") of even date between the undersigned and King County. An Event of Default under the Loan Agreement shall be deemed a default hereunder, whereupon the holder may at its option declare all sums as are then outstanding hereunder immediately due and payable. This Note shall be secured by an unconditional, irrevocable letter of credit, payable upon demand, issued by Seattle First National Bank or other banking institution mutually agreeable to the undersigned and the holder of this Note, all as more fully set forth in the Loan Agreement.

Upon the sale, transfer or assignment, whether voluntary, involuntary or by operation of law, of all or substantially all of either, or both, of the "Projects" described in the Loan Agreement, or in the event of a change in ownership of the undersigned not approved in writing by the holder hereof, then at its sole

option the holder hereof may, by written notice to the undersigned, declare all sums as are then outstanding hereunder to be immediately due and payable. Notwithstanding the foregoing, the undersigned shall have the right, subject to the prior approval of the holder of this Note which approval shall not be unreasonably withheld or delayed, to transfer a portion of either of the Projects, or both, to a partnership or joint venture so long as: (i) the undersigned is a general partner or venturer and remains obligated under this Note and the Loan Agreement; and (ii) the partnership or venture, as the case may be, and all other general partners or venturers agree also to be obligated under this Note and the Loan Agreement.

As set forth above, the holder of this Note may demand partial repayments of principal from the undersigned. The holder of this Note shall make demand for partial repayments of principal upon the undersigned, in writing, by delivering or mailing said demand to the undersigned in the manner and at the address set forth in Section 7.3 of the Loan Agreement. The partial repayment of principal shall be due and payable on or before five (5) days, excluding Saturdays, Sundays and legal holidays, from the date the undersigned receives or is deemed to have received the demand.

As set forth above, this Note shall be due and payable in full upon demand. The holder of this Note shall make demand upon the undersigned, in writing, by delivering or mailing said demand to the undersigned in the manner and at the address set forth in Section 7.3 of the Loan Agreement. All principal, accrued interest and other charges due under this Note or the Loan Agreement shall be due and payable on or before ten (10) days, excluding Saturdays, Sundays and legal holidays, from the date the undersigned receives or is deemed to have received the demand.

In the event the holder of this Note fails to receive a

payment within the applicable time period set forth in the preceding two (2) paragraphs, the holder of this Note shall have the right to draw upon the letter of credit without any further condition.

Except for the demands described above, the undersigned hereby waives diligence, demand, presentment for payment, and notice of whatever kind or nature. Without discharging or in any way affecting the liability of the undersigned, the undersigned hereby consents to any and all extensions of this Note as the holder hereof may in its sole discretion grant from time to time, to the release of all or any part of the security for the payment hereof and to the release of any party liable for repayment of the obligations hereunder.

All payments due on this Note shall be payable in lawful money of the United States of America at the time of payment, and shall be made to the holder at the address first hereinabove indicated, or such other address as the holder may hereafter designate.

This Note shall be governed by the laws of the State of Washington, except to the extent that Federal laws may preempt the laws of the State of Washington.

In the event that this Note is placed in the hands of an attorney at law for collection after maturity or upon default or in the event that proceedings at law or in equity are instituted in connection herewith, or in the event that this Note is placed in the hands of an attorney at law to enforce any of the rights or the agreements contained herein or in the Loan Agreement, the undersigned shall pay all costs of collecting or attempting to collect this Note or protecting or enforcing such rights including, without limitation, reasonable attorney's fees; and all such amounts shall be deemed to be secured by the letter of

credit.

This Note and the Loan Agreement are by this reference subject to the limitation that in no event shall interest or any other amount paid or agreed to be paid to King County for the use, forbearance or detention of money to be advanced hereunder or pursuant to the Loan Agreement exceed the highest lawful rate permissible under applicable usury laws. If fulfillment of any provision hereof or of the Loan Agreement shall be deemed by a court of competent and final jurisdiction to violate any applicable usury restrictions, then ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and any amount received in excess of such limit shall be applied to reduce the unpaid principal balance hereof and not to the payment of interest.

Time is of the essence of this Note and of each and every provision hereof.

IN WITNESS WHEREOF, the undersigned have executed this Promissory Note as of the date first above written.

THE QUADRANT CORPORATION,
a Washington corporation

By: _____
Title: _____

By: _____
Title: _____

**these
to claim a credit:**

**Youth
Vietnam-era
Veterans
Ex-Felons
Rehabilitation
Programs
Youth in
Transition Programs
Security Income
Benefits
Grants
to Families
of Children
with Disabilities
Recipients**

**Washington State
Employment Security**

John Spellman, *Governor*
Norward J. Brooks, *Commissioner*



**Hire More
Workers.
Pay Less
Taxes.**

alled Targeted
able to
y employees from
duals. Effective
his credit offers
irect monetary
g jobs in the

any taxable year
e "qualified first
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imited to \$6,000
he exact amount
s on your tax

apply to hiring
rkers who were
r previous period

The program works in two ways.

1 If you believe a prospective employee is TJTC eligible send a letter to the TJTC Administrative Unit in Olympia. The letter requesting TJTC certification must be postmarked on or before the day the new employee begins work and must include the name and social security number of the person being hired. It must also include the date the new employee will begin work.

2 An applicant may come to your office with a voucher. The voucher lets you know that the person has been identified by a TJTC agency as eligible for the program. If you decide to hire the person, sign the Employer Declaration portion of the voucher and mail it to the TJTC Administrative Unit postmarked on or before the day the new employee begins work.

The letter or voucher should be mailed to the Washington State Employment Security Department, TJTC Administrative Unit, Olympia, Washington, 98504. This unit will verify the employees eligibility and forward a certification to be used by you or your accountant in claiming the tax credit.

Bonuses.

If you hire a low income youth, aged 16 or 17 between May 1 and September 15, you can claim a special 85 percent tax credit on the first \$3,000 in wages paid, for a maximum of 90 days.

The tax credit cannot exceed 90% of your total tax liability in one year; however, excess tax credits can be used to claim a refund on taxes paid in the last three years or can be carried forward to reduce future taxes for the next 15 years.

Wages paid to temporary, seasonal, part-time and full-time employees qualify for the credit.

There is no limit to the number of employees for which you can claim a tax credit.

You select and hire the employee.

Claiming the tax credit requires minimal paperwork.

The TJTC Administrative Unit is always available to answer questions about the program. Call 1-800-562-5630 for more information.

SEATTLE/KING COUNTY PRIVATE INDUSTRY COUNCIL
JOB TRAINING PLAN FOR PROGRAM YEARS 1984-1985

PLAN SUMMARY

Introduction

The Seattle/King County Private Industry Council (PIC) is established to plan and oversee Job Training Partnership Act services in partnership with local elected officials in Seattle and King County. The PIC has drafted its recommended Job Training Plan for Program Years 1984 and 1985. A series of public hearings are being sponsored to obtain public comment on the draft plan. Following the hearings, the PIC will finalize its plan and submit it to the Governor for approval on April 12, 1984.

The following summary of the JTPA law and the draft Job Training Plan for Seattle and King County is provided to describe and highlight the proposed policies and services.

JTPA: The Law

The Job Training Partnership Act (JTPA) replaced the Comprehensive Employment and Training Act which was the primary federal program for employment and training services since 1973. JTPA continues the federal commitment to assist unemployed and low income individuals to prepare for and obtain jobs. As with CETA, services will be planned and administered at the local level. The Private Industry Council (PIC), under a joint agreement with local elected officials, determines program policies, plans and services. The PIC membership includes business, labor, education and other community representatives; as specified in the Act, a majority of the members represent business.

Under JTPA, the State of Washington assumes responsibility for administering and overseeing locally operated programs within designated Service Delivery Areas. King County is one of these service areas. The State also plans and coordinates policies and activities which link local JTPA services to other state and local job training programs.

A major element of the law is the performance standards which must be met by local programs. Performance standards are used to measure service effectiveness based on participant outcomes, unit costs and reductions in welfare dependency. Other key requirements of the law include restrictions on the proportion of total funds that may be spent on program administration and support payments to participants; use of at least 36% of the funds to serve youth age 16 to 21; and emphasis on service to public assistance recipients and high school dropouts.

The law also provides for special programs to serve displaced workers, veterans, migrant farmworkers, Native Americans and youth. These programs are administered at the national or state level.

The Local Job Training Plan

The purpose of the Job Training Plan is to describe the overall program objectives, policies, planned expenditures and services to be provided within the Service Delivery Area (SDA) of Seattle and King County. It also specifies local procedures for selecting contractors and general administration. The Job Training Plan has been developed by the Private Industry Council and its Planning Advisory Committee, which is made up of representatives from a broad spectrum of agencies and interests in King County. During the past few months, the committees met extensively to examine needs for employment and training services, and options for utilizing JTPA resources. Through open meetings, the PIC has developed the recommended Plan.

Coordination Activities

Local JTPA activities will be coordinated with a variety of related programs. Primary mechanisms for coordination will include non-financial agreements, and arrangements for ongoing information sharing and consultation. Agencies that will be targeted for these and other coordination efforts include the Washington State Employment Security Department; the Washington State Department of Social and Health Services; the Pierce and Snohomish SDAs; business and labor; economic development agencies; education and training institutions; and rehabilitative services.

1984 Funding and Performance Objectives

Approximately \$7,750,000 will be available for employment and training services in Seattle/King County between July 1, 1984 and June 30, 1985. An additional 3.4 million will be available for the Summer Youth Employment and Training Program in 1984. An estimated 3,453 participants will be served in the year round program and 2,550 youth in the Summer Program.

Because of federal budget cuts, the funds available for these services in King County have been reduced by 52 percent from 16 million in 1981 to 7.7 million in 1984.

PROGRAM GOALS 1984 - 1985

GOAL I. Provide private sector and unsubsidized public sector placements among JTPA participants through effective and cost efficient activities mutually beneficial to both employer and participant.

A. Aggressively promote private sector employer's involvement with the PIC to fill jobs.

TASKS

1. Review the region's economic performance and current labor market information to identify industries and potential employers for whom training and placement projects could be appropriate.
2. Target specific industries and firms for potential training and placement projects, based on the "industry specific" model. The industries targeted are; Health Care, Finance, Hospitality (Hotel and Restaurant) and Small Business.
3. Promote the development and implementation of training projects in occupations that show continued growth in the local labor market, utilizing the full training and manpower development resources in the community.
4. Develop and implement a plan for training and employment services that explicitly addresses the potential for new jobs including those in small businesses and growth industries.
5. Promote the PIC as a principal broker between business and the employment and training systems by using appropriate advisory committees with an emphasis on the identification of factors which contribute to success.

B. Increase placement and retention opportunities for JTPA eligible workers by increasing their work skills and their job finding and retention skills.

TASK

1. Design projects that provide the opportunity for JTPA eligible workers to acquire those personal and work related attributes wanted by the private sector, both in general and in specific categories of employers and trades.

- C. Use the PIC partnership among business, government, education and labor, et. al. to promote the effective and efficient use of public and privately funded social resources and help minimize unnecessary duplications in the community's inventory of social services activities.

TASKS

Develop and initiate coordination activities to include:

1. Negotiations with DSHS, ES and selected SDAs (Snohomish and Pierce counties) to prepare and execute non-financial agreements.
2. An information network system which insures collection and distribution of JTPA program information to all identified agencies and programs.
3. Procedures for consultation with appropriate agencies for program planning and implementation.
4. Update the inventory of non-JTPA employment and training services available to allow PIC to identify potential areas of duplication, coordination or gaps in services.
5. Continuing to inform economic development groups and the business community - new businesses, expanding businesses, small businesses - of the benefits available to them, e.g. PIC training and employment projects.

Goal II. Operate the PIC in the most effective and efficient manner in the pursuit of our goals and objectives.

1. Keep direct administration costs to no more than 11 percent of total resources.
2. Implement and maintain MIS and financial accounting systems which provide information for effective program management on a timely basis.
3. Develop and implement a monitoring and oversight system to insure compliance with PIC program goals, contract policies and objectives, and to identify problem areas and assist in their timely resolution.
4. Insure public access and participation in PIC's planning for employment and training services by establishment of advisory committees and dissemination of meeting schedules.
5. Develop and implement a system of program activities to meet or exceed all established performance objectives.

AUBURN
400 CORPORATE
PARK

Puget Sound: The Natural Choice



The magnetic "pull" of the Puget Sound area of Washington continues to attract thousands of new companies each year.

Availability of highly-skilled manpower, excellent transportation centers, quality residential properties, extensive educational facilities including community colleges and universities, and the high quality of life are part of this growing region.

As a major business center for everything from wood products and aerospace to high tech, Seattle and Tacoma are literally linked to the world by air, land and sea.

But there's another side to the State — natural beauty.

South from Auburn 400 Corporate Park looms majestic Mt. Rainier. Northeast lies the rugged Cascade Mountains; west, the Olympic Mountains and rain forest. And beyond them, the Pacific Ocean.

The region is also home of professional sports, opera, symphony, ballet, theatre, and a host of other cultural and recreational activities.

The Quadrant Corporation offers the Auburn 400 quality office park in an exceptional location. Take a closer look.



AUBURN 400 CORPORATE PARK



The Quadrant Corporation
A Weyerhaeuser Company

1427 116th Avenue NE P.O. Box 130 Bellevue, WA 98009

QC 5/82

Introducing the Auburn 400 Corporate Park

The Quadrant Corporation's commitment to quality extends beyond a reputation for developing multi-faceted office/business parks for today's challenging needs. As a Weyerhaeuser Company subsidiary, Quadrant carefully plans and executes enhancements of the area with thoughtful landscaping, grassy berms and street medians, creating a pleasant and practical environment in which to work. Recorded protective covenants maintain these high standards of quality.

Auburn 400 Corporate Park, located in the Auburn-Kent Valley, Washington, offers excellent office, commercial and light-industrial property in a private, park-like setting.

AUBURN
CORPORATE
400 PARK

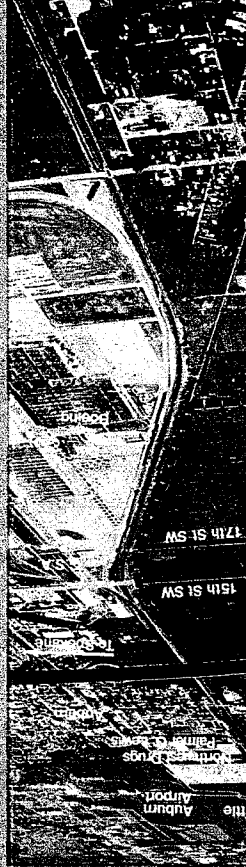


Auburn 400 Corporate Park

The Auburn Corporation
Development

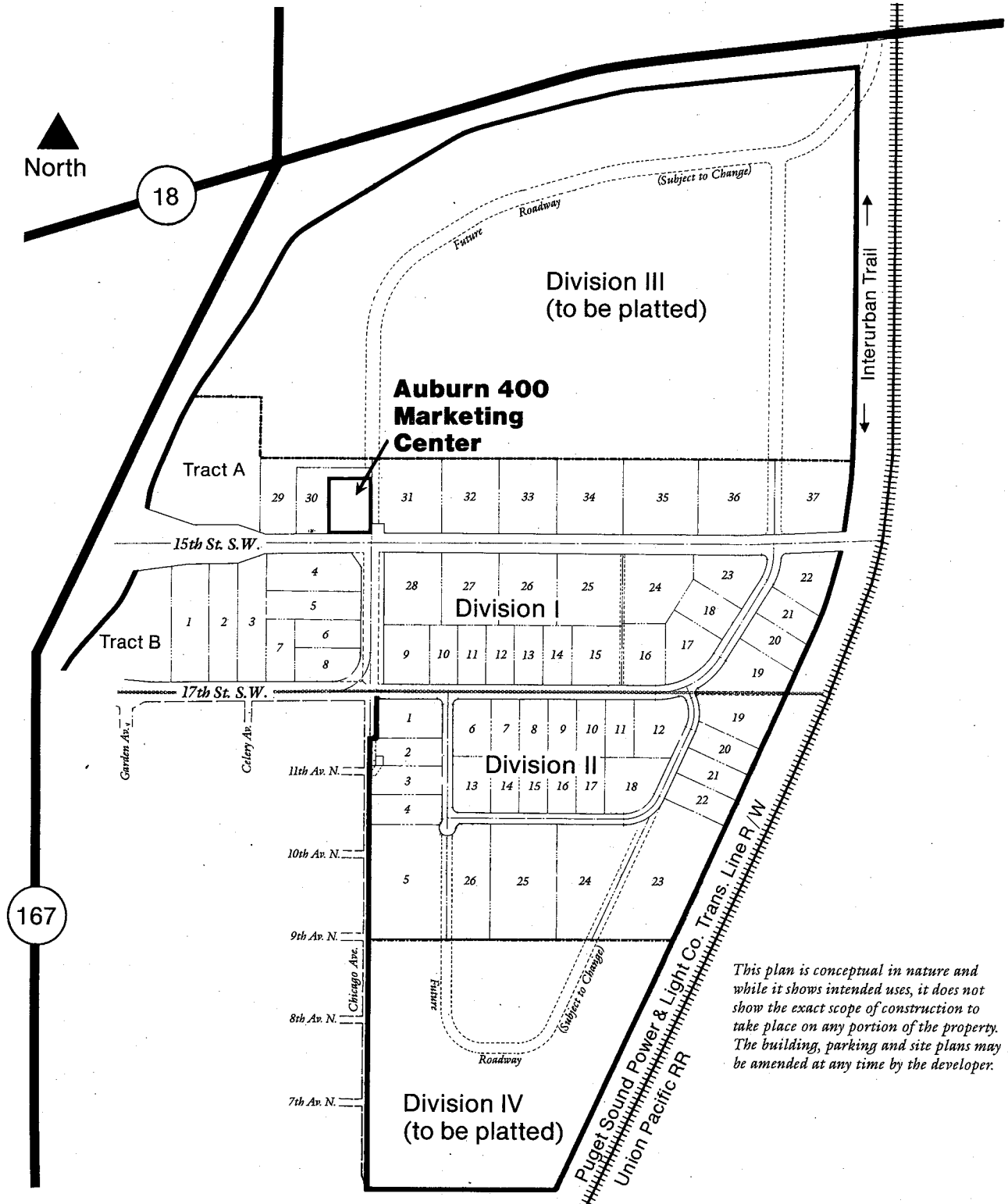
For information call:
(800) 455-3900
(800) 898-1105
(800) 967-2165

The Auburn Corporation is pleased to announce the development of Auburn 400 Corporate Park, a 100-acre site located in the heart of Auburn, Alabama. This prime location offers excellent access to major highways and is surrounded by a mix of commercial and residential developments. The site is ideal for a variety of corporate and industrial uses. Auburn 400 Corporate Park is a strategic investment opportunity for businesses seeking a modern, well-served location in the heart of Auburn, Alabama.



The Site

Auburn 400 Corporate Park



This plan is conceptual in nature and while it shows intended uses, it does not show the exact scope of construction to take place on any portion of the property. The building, parking and site plans may be amended at any time by the developer.

Protective Covenants

A set of Protective Covenants maintains the standard of quality established at the Auburn 400 Corporate Park. Compliance with these recorded regulations will preserve and enhance the value and desirability of the Corporate Park.

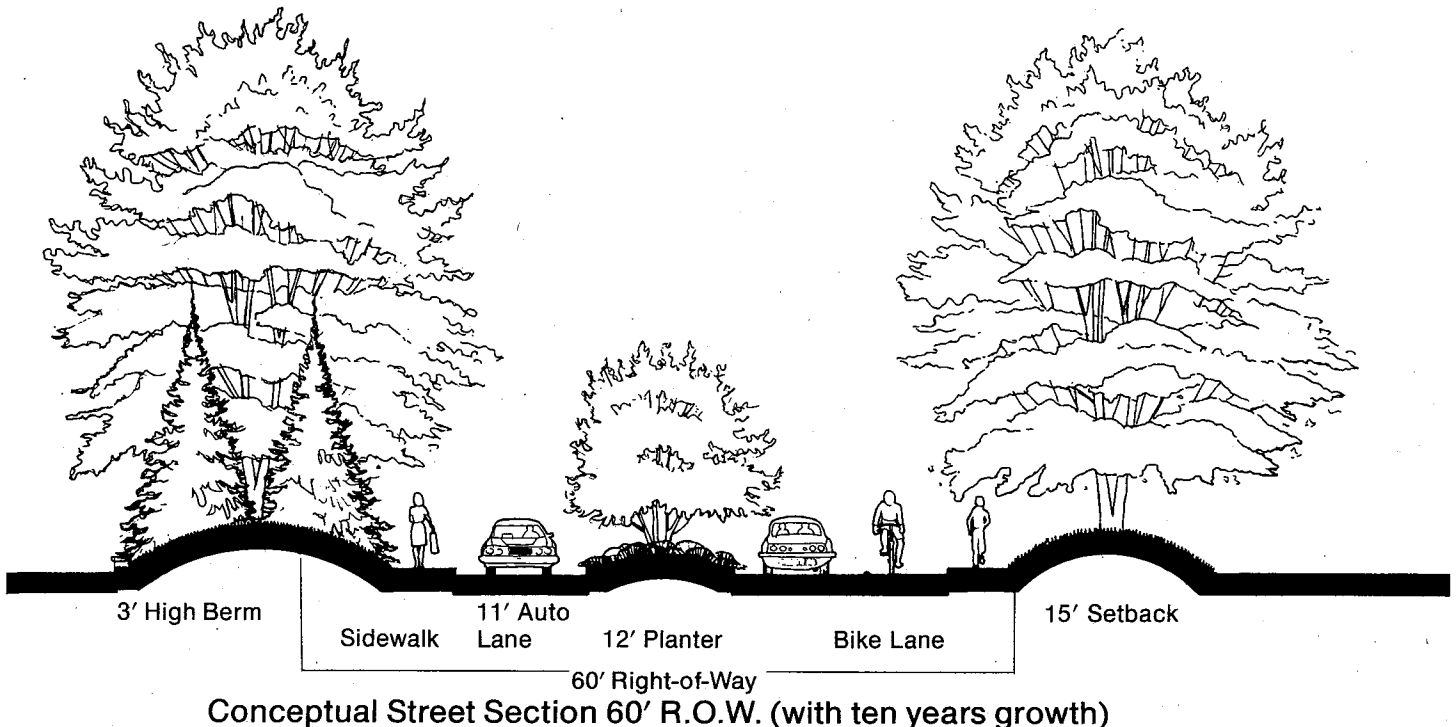
The following briefly describes a few of the protective covenant applications. The covenants are firm enough to ensure that the Auburn 400 Corporate Park will always be a prestigious location for your business. A complete set is available for review.

Site planning and architecture: *To achieve compatibility of architectural design, lot layout, landscaping and identification, all project plans are subject to approval by the Auburn 400 Corporate Park Architectural Control Committee. Primary considerations include exterior materials and design, colors, landscaping, signage and screening of mechanical equipment.*

Use: *Only those uses permitted by the city zoning laws will be allowed. Open storage (unless properly screened), offensive industrial uses and on-street parking are discouraged.*

Landscaping: *Quality landscaping is required on all streets, around parking lots and on grounds surrounding each building project, and is to include lawns with underground sprinkler systems, berms, formal and informal shrubbery, trees, and planting.*

Building setbacks: *All buildings shall have setbacks and minimum sideyard requirements; exact dimensions depend upon location within the park.*

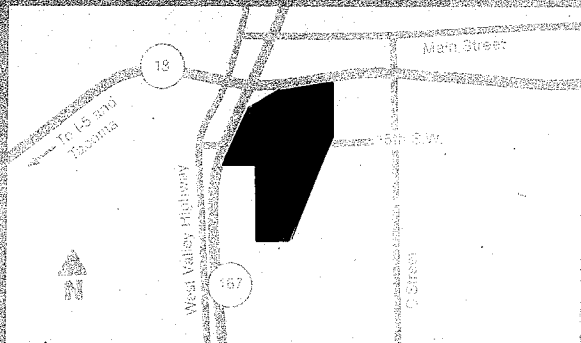


Auburn 400 Corporate Park

The Park lies almost equidistant from Seattle-Tacoma in the Auburn-Kent Valley. A modern network of interstate and state highways offer easy accessibility to the planned business community.

Its 314 acres are situated next to state routes 18 and 167 in Auburn, with Interstate 5 close by.

Just minutes away: the Seattle-Tacoma International airport, gateway to Alaska, the Far East and Pacific Rim countries; the Port of Tacoma, and the Port of Seattle heralded as one of the world's largest container ports; and Downtown Seattle, center of finance and shopping. Immediately adjacent is a rail line with direct access to the site.



Tacoma

West Campus

Seattle



Sea Tac Airport

West Valley Highway



Auburn Airport

Auburn

AUBURN 400 CORPORATE PARK

Lake Tapps

Kirkland Redmond

Lake Washington

Bellevue

Lake Sammamis

Mercer Island

Renton

Kent

Kent - Kangley Road

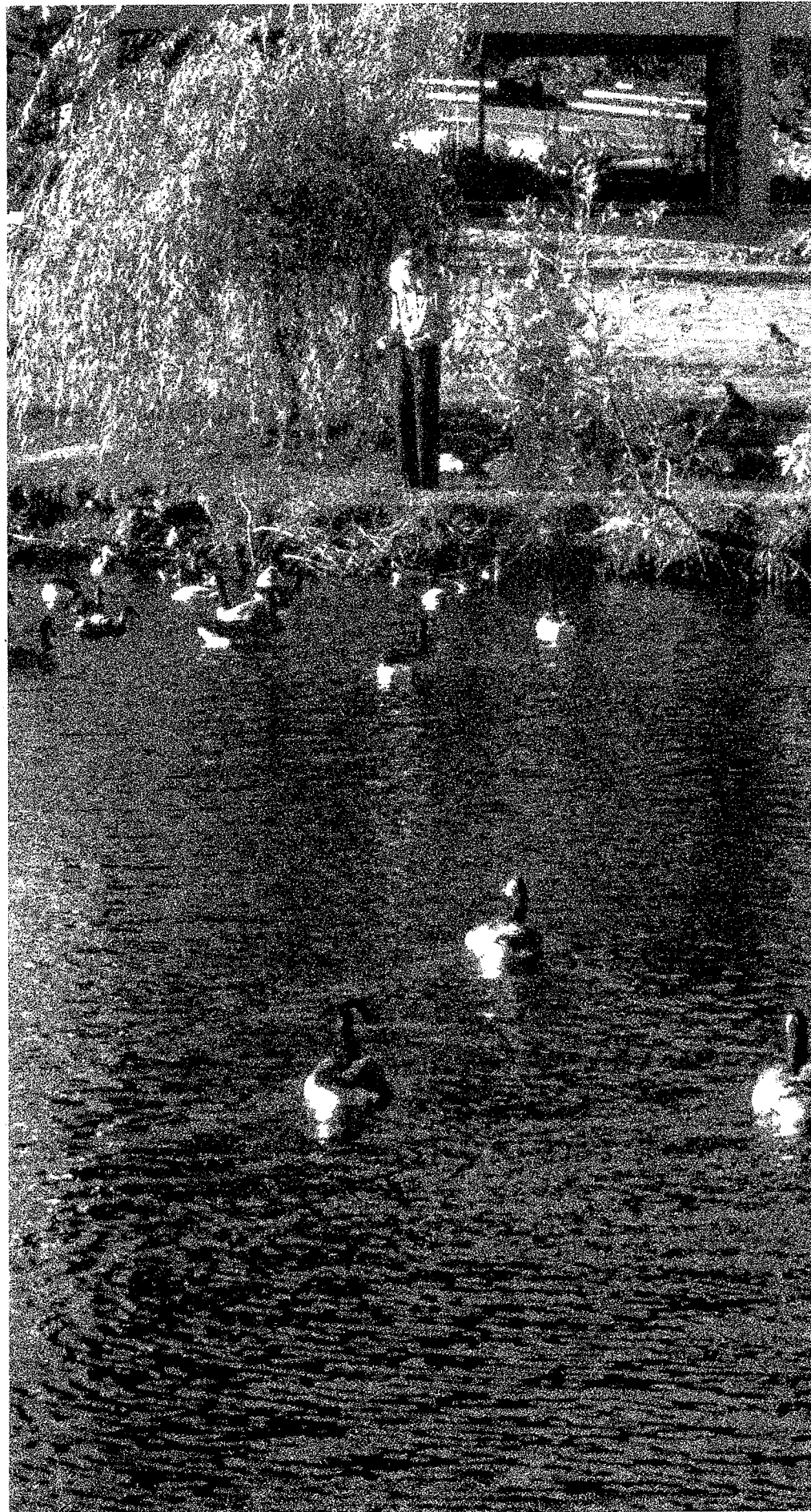
Introducing the Auburn 400 Corporate Park

The Quadrant Corporation's commitment to quality extends beyond a reputation for developing multi-faceted office/business parks for today's challenging needs. As a Weyerhaeuser Company subsidiary, The Quadrant Corporation constantly endeavors to preserve the quality of life for individuals. Quadrant carefully plans and executes enhancements of the area with thoughtful landscaping, grassy berms and street medians, creating a pleasant and practical environment in which to work.

Auburn 400 Corporate Park, located in the Auburn-Kent Valley, Washington, offers excellent office, commercial and light-industrial property in a private, park-like setting.

Uncommon quality. An impressive attribute inherent in the Auburn 400 Corporate Park, a 314-acre Quadrant Corporation planned business community.





You'll discover a healthy environment for business at Quadrant Business Park-Bothell.

It's an environment designed from the outset with all the amenities to make your business more efficient and productive. The Park is planned to accommodate office, research, light assembly, light industrial or other advance technology uses.

The setting, Bothell's North Creek Valley, combines pastoral serenity with convenient urban amenities.

The 175-acre business park features an excellent variety of building sites with a pleasing mix of recreational facilities: jogging and bike trails, play fields, open natural areas.

The location, at the intersection of I-405 and NE 195th, offers ideal highway access, with air & sea terminals only minutes away.

The business park is ready for your business with roads, walks, street landscaping, utilities and open spaces completed so there'll be less noise and disruption later.

Thoughtful Design and Development Standards protect your investment in good design and ensure that all companies in the Park will be "good neighbors."

And you'll be in neighborly surroundings: Bothell's business and government leaders are committed to carefully planned growth and welcome office and light industrial companies as partners in the city's future.

So if you're considering a move, you should carefully examine Quadrant Business Park-Bothell.

It's a healthy environment for business.

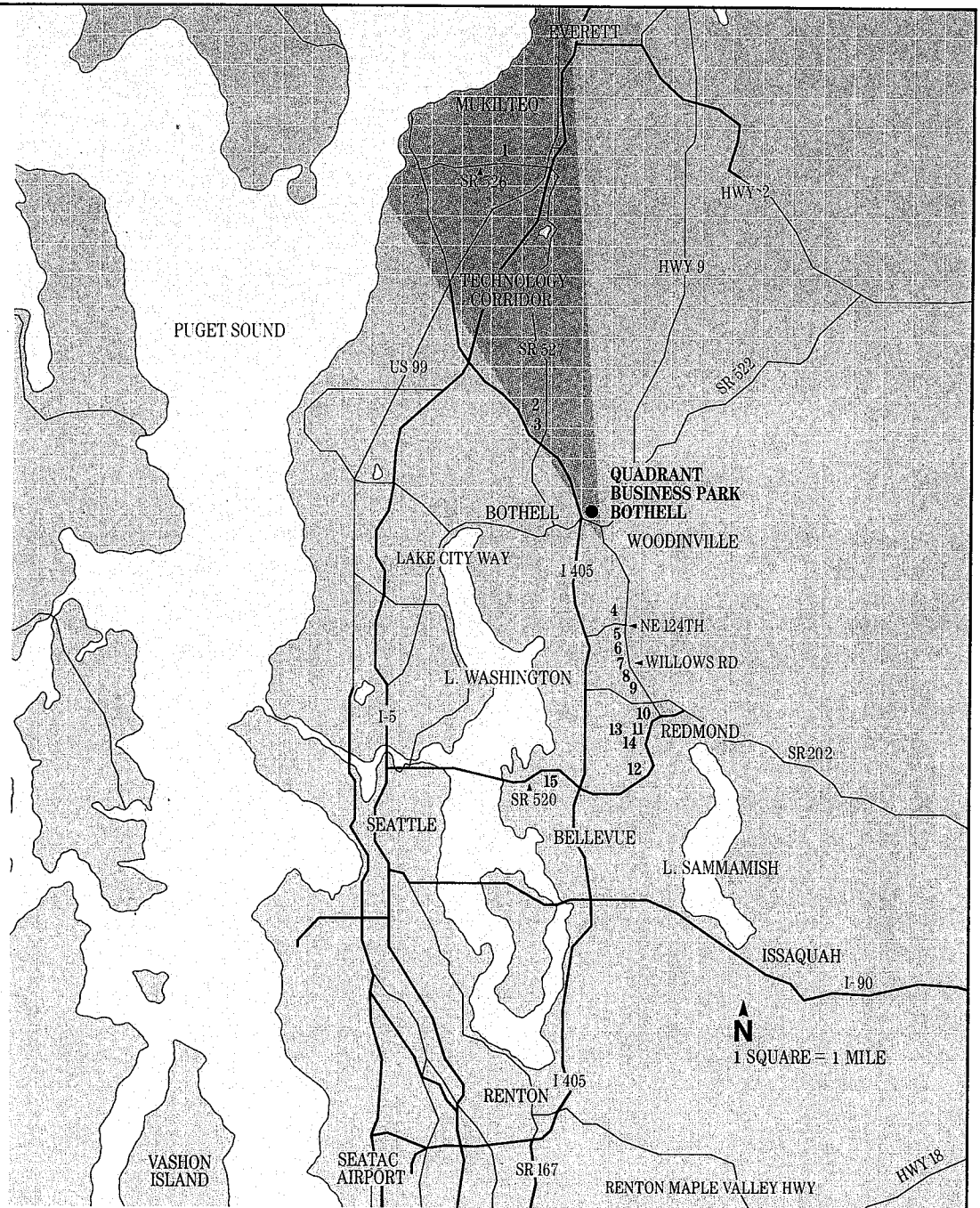
Quadrant Business Park is easy to get to and offers convenient access to major road, sea and air terminals.

Its location, at I-405 and NE 195th, is close to Bellevue's vigorous commercial district. In fact, there's quick access to important points throughout the region. Typical driving times, for example, include:

- 10 minutes to Bellevue
- 25 minutes to downtown Seattle
- 20-25 minutes to the University of Washington
- 45 minutes to SeaTac Airport

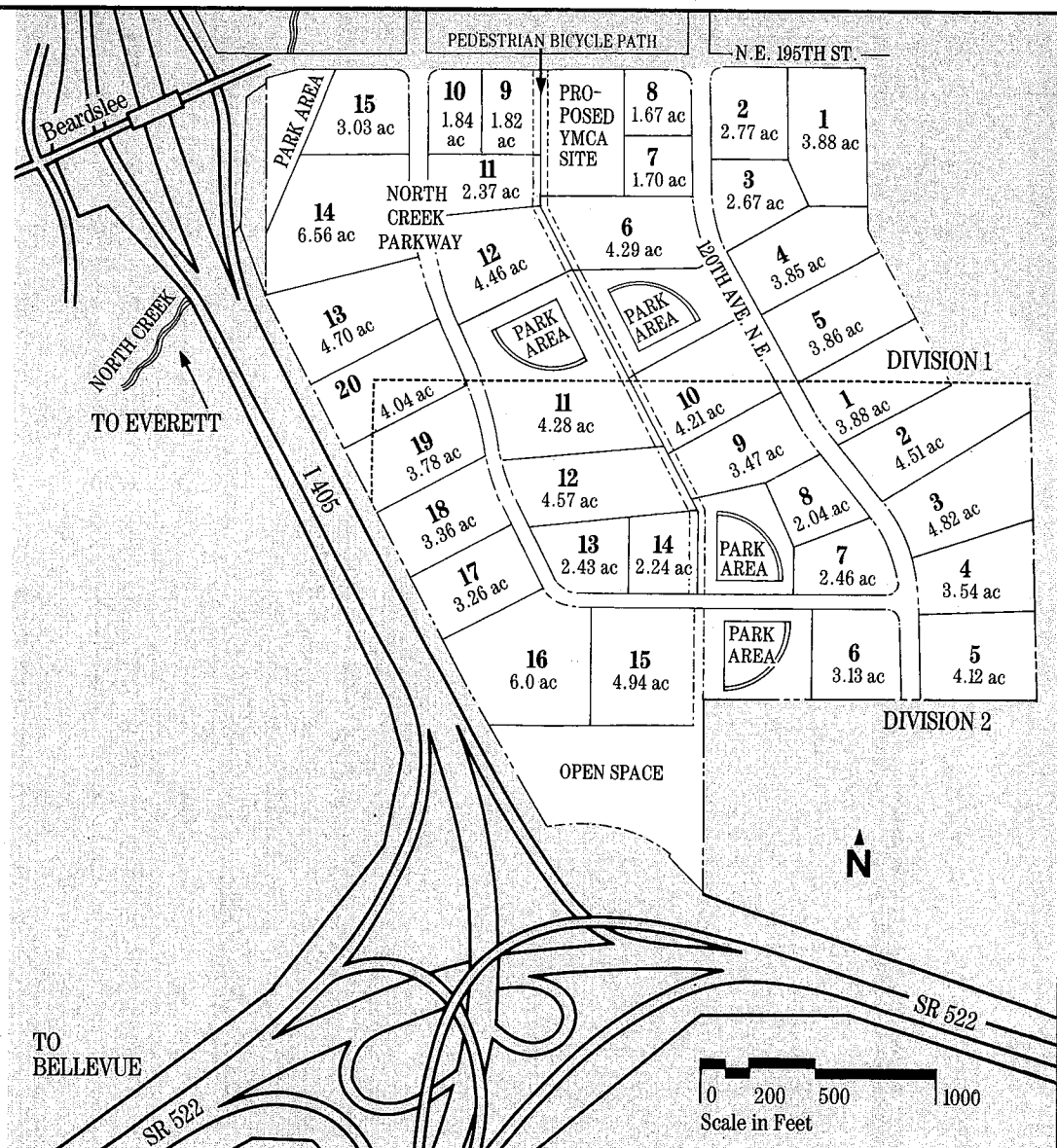
Quadrant Business Park forms an integral part of the Eastside's flourishing advanced technology corridor, about 25% of Washington's electronics and advanced technology firms currently are located in or near this area.

Because there's a healthy environment for business here.



Advanced Technology Firms

1. Fluke Manufacturing
2. Eldec Corporation
3. Squibb Medical
4. Applied Computer Sciences
5. Physio Control
6. Rocket Research
7. Data I/O
8. Integrated Circuits
9. Kistler Morse Corporation
10. Nintendo
11. Tone Commander Systems
12. Sunstrand Corporation
13. Applied Microsystems
14. Paroscientific Corporation
15. Microsoft



Quality throughout: that's the distinguishing characteristic of Quadrant Business Park-Bothell.

Ultimately this attractive 175-acre site will encompass nearly 650,000 square feet of office space, 2,100,000 square feet of office/light industrial space, and 32 acres of recreation and open space.

And from its park-like atmosphere to its efficient road system and underground utilities, Quadrant Business Park will represent office and industrial site planning at its best.

Attractively landscaped lots and roadway medians will join with jogging trails, play fields and an open natural area

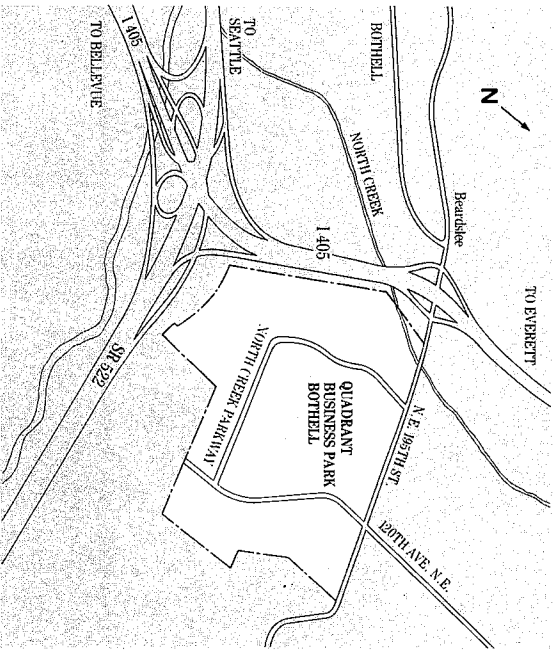
to preserve a quiet natural environment. It's an environment that will boost morale, and encourage good productivity.

Productivity also will benefit from well-placed roads that offer effortless access for employees and delivery vehicles; access to Quadrant Business Park will be quick and easy.

This combined beauty and efficiency is carefully calculated to convey to visitors a businesslike concern for quality, to communicate the distinctive character of the companies operating in Quadrant Business Park.

To let them know this is a healthy environment for business.

This is a preliminary plat and is subject to revision. Individual site boundaries may be adjusted to specific requirements. Please contact The Quadrant Corporation for detailed plans and specifications.



Located in Bothell's North Creek Valley, Quadrant Business Park will play a key role in the region's future growth.

Bounded by I-405 on the west, NE 195th on the north, and SR 522 on the south, this prestigious 175-acre site is the southernmost development in a new Puget Sound "Technology Corridor" extending north to Everett.

It's an appealing region, with a thriving economy, pleasant residential locations, good schools, and excellent amenities.

And there's a distinctive rural charm to the North Creek Valley, a charm accentuated by Quadrant Business Park's careful attention to environmental detail.

It's a healthy environment for business.

Quadrant Business Park in Bothell's North Creek Valley includes 175 acres of mixed use office, research, and light industrial sites. Limited commercial sites are available for businesses supporting Park tenants. About 32 acres in the Park are devoted to recreational and natural areas.

To protect your investment in Quadrant Business Park-Bothell, The Quadrant Corporation has formulated comprehensive Design and Development Standards and Covenant Conditions and Restrictions. This summary outlines major features of those documents.

This is, of course, *only* a summary: architects and developers should review the complete documents and the relevant municipal codes and regulations to ensure that plans can be approved in the shortest possible time.

Owner's Association

Each lot owner becomes a member of the Owner's Association. The Association manages the common areas and enforces the Design and Development Standards and the Covenants.

The Owner's Association also establishes assessments to cover: expenses associated with

maintaining the common areas, street landscaping, and the Park entrance; and funding required to implement traffic and air quality management programs.

Architectural Control Committee

Established by the Covenants, this committee will review and approve all development plans. Its goal is to maintain a pleasing consistency in the overall character of building design, landscaping, and signage.

The Architectural Committee also is responsible for protecting the Park's natural setting.

Approval by the Architectural Control Committee does not, however, imply that plans meet all current municipal regulations. Local authorities must review and approve the plans as well.

Landscaping

The tone for landscaping, street layout, and signage is set at the entrance to the Park.

The streets will be three to five lanes wide and accented with landscaped medians. At least 60% of the lot landscaping along the streets will be lawn, the remainder trees and shrubs.

A meandering sidewalk/jogging trail will border the streets.

Lot landscaping along the streets must incorporate a 3-foot high, 25-foot wide berm.

Overall landscaping will maintain a park-like environment throughout the development. All utilities will be underground.

To protect this atmosphere, the Architectural committee may require specific landscaping materials and plants so that individual sites will complement the overall landscape design.

Signage, of course, must complement that design as well. No pole signs will be allowed, and each sign must be in scale and compatible with other signs in the Park.

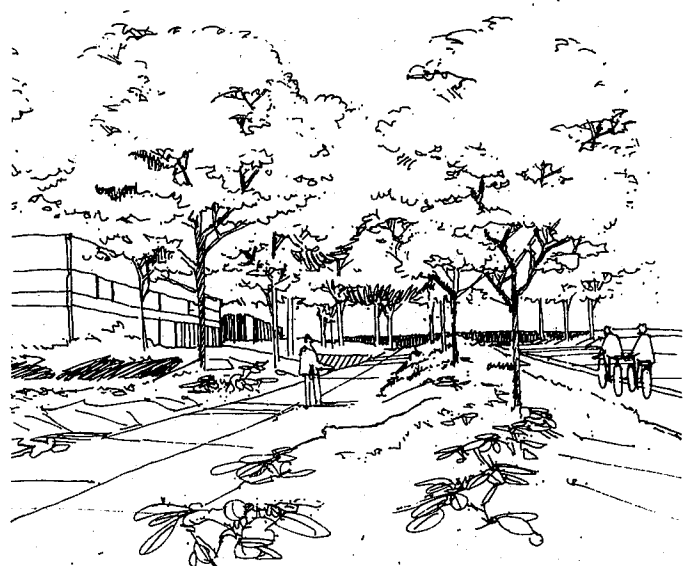
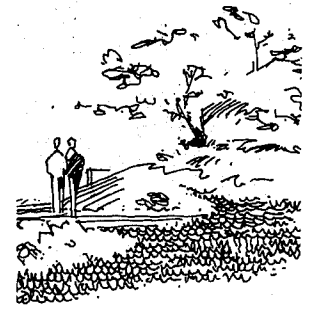
Site Coverage

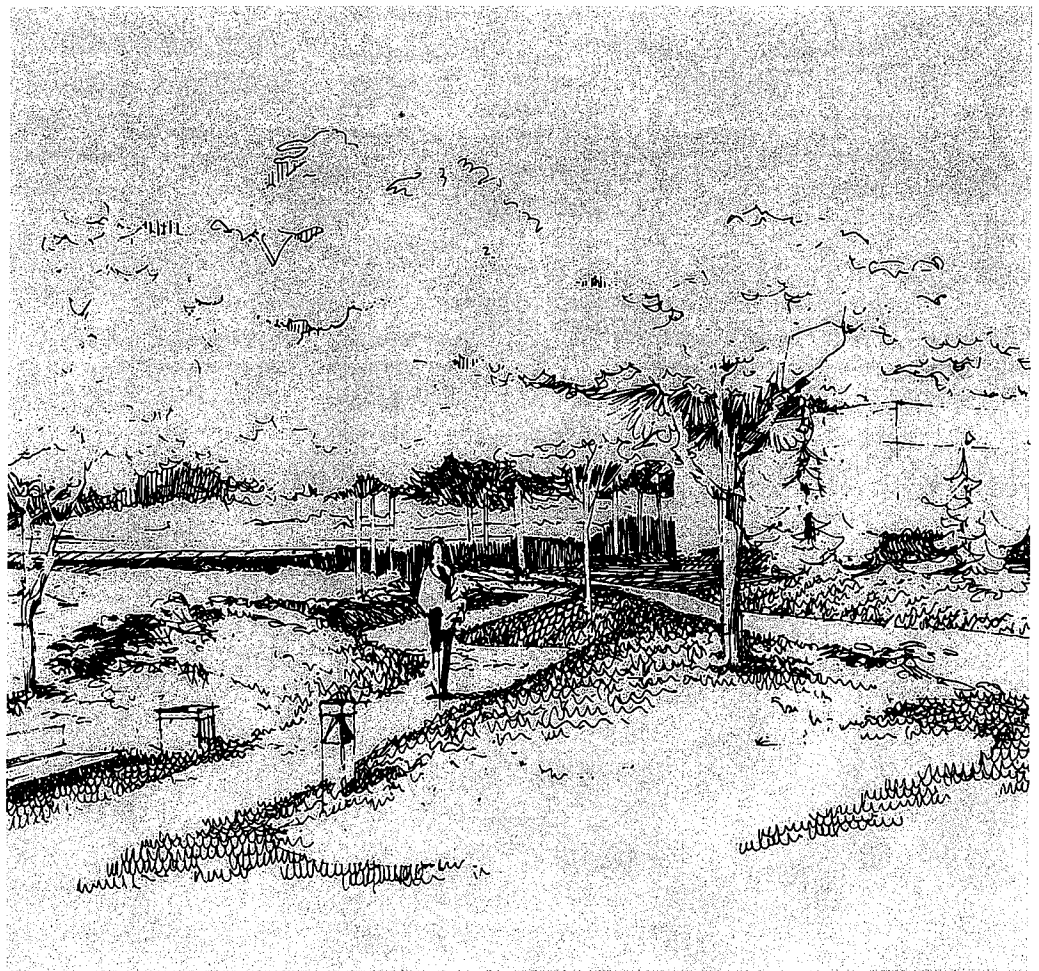
Site coverage standards have been established to meet municipal planning goals and preserve the Park's open character.

Office, light industrial, and commercial uses may use 67% of a lot, with 33% of the lot devoted to landscaping.

Clean light industrial uses may cover 73% of a lot, with the remaining 27% in landscaping.

All non-impervious surfaces must be landscaped.





Setbacks

Building setbacks are equally important. In most cases, the front setbacks must be at least 30 feet, while side and rear setbacks will vary from zero to ten feet.

East of 120th Avenue N.E. along N.E. 195 Street, the front setback must be at least 35 feet; adjoining I-405, rear setbacks must be at least 25 feet, and along the central drainage channel they must be at least 20 feet.

Parking

Parking must be consistent with Bothell's municipal code. Preferential locations must be provided for ride-sharing vehicles, and up to 40% of the parking area may be reserved for compact vehicles.

Parking on lots near the recreational fields must be available to the public during non-work hours.

Building Design

The style, materials, and construction of buildings in the Park must conform to high standards. For example, no prefabricated, pre-engineered metal structures will be permitted.

And while the Park has established no height limitations, buildings over 35-feet must incorporate additional setbacks and may be subject to additional review by municipal authorities.

Rooftop or other attached equipment (such as microwave or electronic transmission equipment) must be approved by the Architectural Control Committee, and must be installed in ways that minimize visual impact.

Recreation/Open Space

Nearly 20% of the total area in Quadrant Business Park-Bothell—some 32 acres—is devoted to recreation and natural areas.

Some 3.5 miles of trails are open to walkers, joggers, and bicyclists.

There are four playing fields designed to accommodate either baseball or soccer.

Nine acres have been reserved in a natural state as wildlife habitat, and there's a small riverbank park along North Creek.

Space along the central drainage channel has been utilized for a pleasantly landscaped walking/jogging trail extending the full length of the Park.

Overall, Quadrant Business Park offers a unique blend of efficient office/light industrial sites and attractive recreational space.