AN ORDINANCE providing for the issuance of $1,230,000.00 par value of "General Obligation Refunding Bonds, 1973," for the purpose of providing funds to redeem $1,230,000.00 par value of its outstanding "General Obligation Bonds, 1970," dated October 1, 1970; fixing the date, form, denomination, maturities, interest rates, terms and covenants of such refunding bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of such refunding bonds and for the use and application of the moneys to be derived from such investment; providing for the redemption of the outstanding bonds to be refunded; and confirming the sale of such refunding bonds to Foster & Marshall Inc. of Seattle, Washington.

WHEREAS, the City of Kent, Washington (hereinafter called the "City"), now has outstanding $1,230,000.00 principal amount of its "General Obligation Bonds, 1970" (hereinafter called the "1970 Bonds") issued under date of October 1, 1970, which 1970 Bonds mature serially on October 1 in each of the years 1974 to 1990, inclusive, and bear interest at various rates from 6% to 7% per annum; and

WHEREAS, under the provisions of Ordinance No. 1676, passed and approved on September 8, 1970, authorizing the issuance of the 1970 Bonds, and in such bonds, the City reserved the right to redeem any or all of such 1970 Bonds at par plus accrued interest on any semiannual interest payment date on or after October 1, 1980; and

WHEREAS, after due consideration it appears to the City Council that all of the 1970 Bonds maturing on or after October 1, 1980, may be refunded at the earliest possible date by the issuance and sale of the bonds authorized herein (hereinafter called the "Refunding Bonds") so that a substantial saving will be effected
by the difference between the principal and interest cost over the life of the Refunding Bonds and the principal and interest cost over the life of such 1970 Bonds; and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the City and its taxpayers, it is hereby found necessary and advisable that certain "Acquired Obligations" (hereinafter identified) bearing interest and maturing at such time or times as necessary to pay the principal of and interest on the 1970 Bonds as the same shall become due and to redeem the 1970 Bonds on the first date the same are subject to redemption be purchased out of the proceeds of the sale of the Refunding Bonds; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DO ORDAIN, as follows:

Section 1. For the purpose of providing the moneys required to pay the principal of and interest on the 1970 Bonds coming due to and including October 1, 1980, and to redeem and retire on October 1, 1980, the outstanding 1970 Bonds maturing after October 1, 1980, the City shall issue the Refunding Bonds in the aggregate principal amount of $1,230,000.00.

The Refunding Bonds shall be dated November 1, 1973; shall be in denominations of $5,000.00 each; and shall bear interest at the rates hereinafter set forth, payable semiannually on the first days of May and November of each year, interest to maturity being evidenced by coupons to be attached to the Refunding Bonds with full obligation on the part of the City to pay interest at the bond rate from and after the bond maturity dates until the Refunding Bonds with interest are paid in full or funds sufficient to pay such Refunding Bonds with interest in full are on deposit in the bond redemption fund hereinafter referred to, and the Refunding Bonds have been called for redemption. The Refunding Bonds shall be numbered, shall bear interest and shall mature on November 1 of each year as follows:

-2-
<table>
<thead>
<tr>
<th>Bond Numbers (Inclusive)</th>
<th>Amounts</th>
<th>Interest Rates</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 7</td>
<td>$35,000</td>
<td>7.50%</td>
<td>1974</td>
</tr>
<tr>
<td>8 to 14</td>
<td>35,000</td>
<td>7.50%</td>
<td>1975</td>
</tr>
<tr>
<td>15 to 22</td>
<td>40,000</td>
<td>7.50%</td>
<td>1976</td>
</tr>
<tr>
<td>23 to 30</td>
<td>40,000</td>
<td>7.50%</td>
<td>1977</td>
</tr>
<tr>
<td>31 to 40</td>
<td>50,000</td>
<td>7.50%</td>
<td>1978</td>
</tr>
<tr>
<td>41 to 51</td>
<td>55,000</td>
<td>7.50%</td>
<td>1979</td>
</tr>
<tr>
<td>52 to 63</td>
<td>60,000</td>
<td>7.50%</td>
<td>1980</td>
</tr>
<tr>
<td>64 to 76</td>
<td>65,000</td>
<td>7.50%</td>
<td>1981</td>
</tr>
<tr>
<td>77 to 90</td>
<td>70,000</td>
<td>7.50%</td>
<td>1982</td>
</tr>
<tr>
<td>91 to 105</td>
<td>75,000</td>
<td>4.80%</td>
<td>1983</td>
</tr>
<tr>
<td>106 to 122</td>
<td>85,000</td>
<td>4.85%</td>
<td>1984</td>
</tr>
<tr>
<td>123 to 140</td>
<td>90,000</td>
<td>4.90%</td>
<td>1985</td>
</tr>
<tr>
<td>141 to 159</td>
<td>95,000</td>
<td>5.00%</td>
<td>1986</td>
</tr>
<tr>
<td>160 to 179</td>
<td>100,000</td>
<td>5.05%</td>
<td>1987</td>
</tr>
<tr>
<td>180 to 200</td>
<td>105,000</td>
<td>5.10%</td>
<td>1988</td>
</tr>
<tr>
<td>201 to 222</td>
<td>110,000</td>
<td>5.15%</td>
<td>1989</td>
</tr>
<tr>
<td>223 to 246</td>
<td>120,000</td>
<td>5.20%</td>
<td>1990</td>
</tr>
</tbody>
</table>

Both principal of and interest on the Refunding Bonds shall be payable in lawful money of the United States of America at the office of the Treasurer of the City, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, or New York, New York, solely out of the "General Obligation Refunding Bond Fund, 1973" (herein called the "Bond Fund"), hereinafter created in the office of the City Treasurer.

Section 2. The City hereby reserves the right to redeem any or all of the Refunding Bonds outstanding in whole, or in part in inverse numerical order, on November 1, 1980, or on any semiannual interest payment date thereafter, at par plus accrued interest to the date of redemption.

Notice of any call for redemption of any of the Refunding Bonds prior to their stated maturity dates shall be published at least once in the official newspaper of the City not less than thirty nor more than forty-five days prior to the call date. Notice of said intended redemption shall also be mailed to Foster & Marshall Inc. at its main office in Seattle, Washington, or to the successor in business of said corporation, if any, at its main office. Interest on any Refunding Bond or Bonds so called for redemption shall cease on such redemption date unless the same are not redeemed upon presentation made pursuant to such call.
In addition to such publication and mailing the City shall also mail notice of such intended redemption to Standard & Poor's Corporation and Moody's Investors Service, Inc., New York, New York, or to their successors, if any. The mailing of such notice shall not, however, be a condition precedent to the call of any of the Refunding Bonds for redemption, and failure to give such notice shall not affect the right of the City to redeem the Refunding Bonds called for redemption in the manner set forth in the preceding paragraph.

Section 3. The Refunding Bonds shall be designated "General Obligation Refunding Bonds, 1973," and shall be in substantially the following form:

No. ______ $5,000.00

UNITED STATES OF AMERICA
STATE OF WASHINGTON
CITY OF KENT

GENERAL OBLIGATION REFUNDING BOND, 1973

KNOW ALL MEN BY THESE PRESENTS: That the City of Kent, Washington (hereinafter called the "City"), is justly indebted to and for value received hereby promises to pay to the bearer on the FIRST DAY OF NOVEMBER, 19__, the sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of ___% per annum, payable semiannually on the first days of May and November of each year, interest to maturity being evidenced by and payable upon the presentation and surrender of the attached interest coupons as they severally become due up to the bond maturity date and with full obligation on the part of the City to pay interest at the same rate from and after the bond maturity date until this bond with interest is paid in full or funds are available in the "General Obligation Refunding Bond Fund, 1973" (hereinafter called the "Bond Fund"), for payment in full and the bond has been duly called for redemption. Both principal of and interest on this bond are payable in lawful money of the United States of America at the office of the Treasurer of the City, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, or New York, New York.

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The City reserves the right to redeem any or all of the bonds outstanding in whole, or in part in inverse numerical order, on November 1, 1980, or on any semiannual interest payment date thereafter, at par plus accrued interest to the date of redemption.

Notice of any call for redemption of any of the bonds of this issue prior to their stated maturity dates shall be published at least once in the official newspaper of the City not less than thirty nor more than forty-five days prior to the call date. Notice of said intended redemption shall also be mailed to Foster & Marshall Inc. at its main office in Seattle, Washington, or to the successor in business of said corporation, if any, at its main office. In addition, notice of such intended redemption shall also be mailed to Standard & Poor's Corporation and Moody's Investors Service, Inc., New York, New York, or to their successors, if any, but the mailing of such notice to such corporations shall not be a condition precedent to the call of any of the bonds of this issue for redemption.

This bond is one of an issue of 246 bonds of like amount, date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of $1,230,000.00, issued by the City pursuant to the provisions of Chapter 138, Laws of 1965, Ex. Ses., of the Legislature of the State of Washington, as amended, known as the "Refunding Bond Act" (RCW Chapter 39.53), for the purpose of refunding its outstanding "General Obligation Bonds, 1970," in a like principal amount, originally issued by the City for general municipal purposes pursuant to Ordinance No. 1676, all as provided in Ordinance No. 1690, and is issued in full compliance with the ordinances of the City and the Constitution and laws of the State of Washington.

The City hereby irrevocably pledges itself to levy taxes annually within the constitutional and statutory tax limitations provided by law upon all property in the City subject to taxation in amounts sufficient to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

It is hereby certified that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been done, have happened and have been performed as required by law, and that the total indebtedness of the City, including this bond issue, does not exceed any constitutional or statutory limitations.

IN WITNESS WHEREOF, the City of Kent, Washington, has caused this bond to be signed by the facsimile signature of its Mayor and attested by the manual signature of its City Clerk and its corporate seal to be hereeto affixed and the interest coupons attached to be signed with the facsimile signatures of those officials this first day of November, 1973.

CITY OF KENT, WASHINGTON

By (facsimile signature)
Mayor
The form of the interest coupons shall be substantially as follows:

**Coupon No. _____**

On the **FIRST DAY OF (MAY) (NOVEMBER), 19**, the **CITY OF KENT, WASHINGTON**, upon presentation and surrender of this coupon, will pay to the bearer at the office of the Treasurer of the City, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, or New York, New York, the sum shown hereon in lawful money of the United States of America, said sum being the interest due that date upon its "General Obligation Refunding Bond, 1973," dated November 1, 1973, and numbered _____.

CITY OF KENT, WASHINGTON

By (facsimile signature)  
Mayor

Section 4. The Refunding Bonds shall be printed or lithographed on good bond paper and shall be signed by the facsimile signature of the Mayor and attested by the manual signature of the City Clerk of the City, under the seal of the City, and the coupons shall bear the facsimile signatures of the Mayor and the City Clerk.

Section 5. The Bond Fund is hereby created and established in the office of the City Treasurer for the payment of the principal of and interest on the Refunding Bonds. All taxes collected for and allocated to the payment of the principal of and interest on the Refunding Bonds shall be deposited in the Bond Fund.

Section 6. The City hereby irrevocably pledges itself to levy taxes annually within the constitutional and statutory tax limitations provided by law upon all property in the City subject to taxation in an amount sufficient to pay the principal of and interest on the Refunding Bonds as the same shall become due. The full faith,
credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 7. The proceeds of the sale of the Refunding Bonds, exclusive of the accrued interest thereon which shall be paid into the Bond Fund, shall be used immediately upon the receipt thereof to discharge the obligations of the City under Ordinance No. 1676, passed and approved on September 8, 1970, authorizing the issuance of the 1970 Bonds by providing for the payment as hereinafter set forth in this section of the principal of and interest on the 1970 Bonds. To the extent practicable the City shall discharge such obligations by the purchase of the following "Acquired Obligations":

<table>
<thead>
<tr>
<th>Amount</th>
<th>Security</th>
<th>Interest Rate</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>$945,000</td>
<td>Federal Land Bank Bonds</td>
<td>7.50 %</td>
<td>7/21/80</td>
</tr>
<tr>
<td>40,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>6.40 %</td>
<td>9/10/79</td>
</tr>
<tr>
<td>49,000</td>
<td>Federal Land Bank Bonds</td>
<td>6.40 %</td>
<td>7/20/78</td>
</tr>
<tr>
<td>30,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>6.875%</td>
<td>9/12/77</td>
</tr>
<tr>
<td>40,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>6.125%</td>
<td>9/10/76</td>
</tr>
<tr>
<td>40,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>6.80 %</td>
<td>9/10/75</td>
</tr>
<tr>
<td>30,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>7.85 %</td>
<td>9/10/74</td>
</tr>
<tr>
<td>5,000</td>
<td>Federal Land Bank Bonds</td>
<td>4.50 %</td>
<td>2/20/74</td>
</tr>
</tbody>
</table>

at a total purchase price of $1,287,110.00. Any government obligation qualified under RCW 39.53.010, as amended, may be substituted at time of closing for any of the above securities not available at time of closing, provided such substituted obligation shall provide the identical yield specified for the substituted security. Such Acquired Obligations bear interest and mature as to principal and interest in such amounts and at such times so as to provide for the payment of the principal of and interest on the 1970 Bonds which will become due.
and payable on or before October 1, 1980, and the redemption price payable on October 1, 1980, for the principal of the 1970 Bonds maturing after October 1, 1980.

Such Acquired Obligations shall be irrevocably deposited with the Pacific National Bank of Washington, Seattle, Washington (hereinafter called the "Refunding Trustee"). Any amounts described in this section which are not provided for in full by the purchase and deposit of the Acquired Obligations described in this section shall be provided for by the irrevocable deposit of a portion of the proceeds of sale of the Refunding Bonds or other moneys of the City with the aforesaid Refunding Trustee.

Section 8. The City hereby irrevocably calls for redemption on October 1, 1980, all of the outstanding 1970 Bonds maturing after October 1, 1980, at par plus accrued interest to such date of redemption. Such call for redemption shall be irrevocable after the delivery of the Refunding Bonds to the initial purchaser thereof.

The City Clerk and Refunding Trustee are hereby authorized and directed to give notice of the redemption of the 1970 Bonds in accordance with the provisions of Ordinance No. 1676 pertaining to the 1970 Bonds.

The Refunding Trustee is hereby authorized and directed to pay the principal of and interest on the 1970 Bonds when due from the Acquired Obligations and moneys deposited with the Refunding Trustee pursuant to the previous section of this ordinance. All Acquired Obligations and the moneys deposited with the Refunding Trustee and any income therefrom shall be held, invested and applied in accordance with the provisions of Ordinance No. 1676 pertaining to the 1970 Bonds, this ordinance and with the statutes of the State of Washington.

All necessary and proper fees, compensation and expenses of the Refunding Trustee for the Refunding Bonds and all other costs incidental to the refunding of the 1970 Bonds, including, but not limited to, reasonable charges of bond counsel, rating services and
bond printing, shall be paid when due by the initial purchaser of the Refunding Bonds. The proper officers and agents of the City are directed to obtain from the Refunding Trustee an agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the redemption and retirement of the 1970 Bonds as provided herein and stating that such provisions for the payment of the fees, compensation and expenses of such Refunding Trustee are satisfactory to it.

In order to carry out the purposes of the preceding section of this ordinance and this section, the Mayor and City Clerk of the City are authorized and directed to execute and deliver to Pacific National Bank of Washington, Seattle, Washington, a copy of such agreement when the provisions thereof have been fixed and determined. Such agreement, when finally executed, shall be marked "Exhibit A", shall be attached to this ordinance and by this reference thereto is hereby made a part of this ordinance.

Section 9. In the event that moneys and/or "Government Obligations," as such Obligations are defined in Ch. 39.53 RCW, as now or hereafter amended, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such moneys, if necessary) sufficient to redeem and retire the Refunding Bonds in accordance with their terms, are set aside in the Bond Fund of the City to effect such redemption and retirement, and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Refunding Bonds, and the Refunding Bonds and the coupons appurtenant thereto shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the moneys so set aside and pledged, and the Refunding Bonds and such coupons shall be deemed not to be outstanding hereunder.

-9-
Section 10. The City hereby covenants that it will not make any use of the proceeds of the sale of the Refunding Bonds or any other funds of the City which may be deemed to be proceeds of such Refunding Bonds pursuant to Section 103(d)(2) of the Internal Revenue Code and the applicable Regulations thereunder which, if such use had been reasonably expected on the date of delivery of the Refunding Bonds to the initial purchaser thereof, would have caused the Refunding Bonds to be "arbitrage bonds" within the meaning of said section and said Regulations. The City will comply with the requirements of subsection (d) of Section 103 of the Internal Revenue Code and the applicable Regulations thereunder throughout the term of the Refunding Bonds.

The City Council hereby finds and determines that the issuance and sale of the Refunding Bonds at this time will effect a saving to the City and its taxpayers. In making such finding and determination the City Council has given consideration to the interest to the fixed maturities of the Refunding Bonds and the 1970 Bonds being refunded, the costs of issuance of the Refunding Bonds and the known earned income from the investment of the proceeds of sale of the Refunding Bonds pending redemption of the 1970 Bonds.

The City Council hereby further finds and determines that the moneys and Acquired Obligations to be deposited with the Refunding Trustee for the 1970 Bonds in accordance with Section 7 of this ordinance will discharge and satisfy the obligations of the City under Ordinance No. 1676 authorizing the issuance of the 1970 Bonds and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to said 1970 Bonds and that said 1970 Bonds shall no longer be deemed to be outstanding under said Ordinance No. 1676 immediately upon the deposit of such moneys and Acquired Obligations with the Refunding Trustee.

Section 11. The action of the City Council of the City heretofore taken accepting on October 15, 1973, the written offer of Foster & Marshall Inc. to purchase the Refunding Bonds and to sell
to the City the Acquired Obligations under the terms and conditions thereof as provided in said offer and in this ordinance is hereby in all respects ratified and confirmed, and such written offer on file with the City Clerk of the City Council is by this reference incorporated herein and made a part hereof.

The proper City officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Refunding Bonds to said purchaser and for the proper application and use of the proceeds of the sale thereof.

Section 12. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Refunding Bonds.

PASSED by the City Council of the City of Kent, Washington, at a regular open public meeting thereof and APPROVED by the Mayor of the City of Kent, Washington, this 5th day of November, 1973.

[Signature]
Mayor

ATTEST:

[Signature]
City Clerk

FORM APPROVED:

[Signature]
City Attorney
THIS AGREEMENT made and entered into as of the 5th day of November, 1973, by and between the CITY OF KENT, WASHINGTON, a municipal corporation of the State of Washington (the "City"), and PACIFIC NATIONAL BANK OF WASHINGTON, Seattle, Washington (the "Refunding Trustee");

WITNESSETH:

SECTION 1. Recitals. The City now has outstanding its "General Obligation Bonds, 1970," issued under date of October 1, 1970, in the aggregate principal amount of $1,230,000.00 (the "1970 Bonds"). Pursuant to Ordinance No. 1676, the City in the manner therein provided may provide for the refunding prior to maturity of the 1970 Bonds at par plus accrued interest on October 1, 1980. The City by Ordinance No. 1676 passed by the City Council and approved by the Mayor on November 5, 1973, has determined to refund on October 1, 1980, all of the 1970 Bonds maturing after October 1, 1980, in accordance with the terms of said Ordinance No. 1676 out of the proceeds of the sale of its "General Obligation Refunding Bonds, 1973" (the "Refunding Bonds").

SECTION 2. Provisions for Refunding the 1970 Bonds. To accomplish the refunding of the 1970 Bonds, including the payment of principal of and interest on such bonds until October 1, 1980, the call date for the 1970 Bonds, the City, simultaneously with the delivery of the Refunding Bonds issued pursuant to said Ordinance No. 1676, does hereby agree to irrevocably deposit with the Refunding Trustee in trust for the security and benefit of the holders and owners of the 1970 Bonds and the Refunding Bonds the following "Obligations":
<table>
<thead>
<tr>
<th>Amount</th>
<th>Security</th>
<th>Interest Rate</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
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<td>40,000</td>
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<td>6.40 %</td>
<td>7/20/78</td>
</tr>
<tr>
<td>30,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>6.875%</td>
<td>9/12/77</td>
</tr>
<tr>
<td>40,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>6.125%</td>
<td>9/10/76</td>
</tr>
<tr>
<td>40,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>6.80 %</td>
<td>9/10/75</td>
</tr>
<tr>
<td>30,000</td>
<td>Federal National Mortgage Association Debentures</td>
<td>7.85 %</td>
<td>9/10/74</td>
</tr>
<tr>
<td>5,000</td>
<td>Federal Land Bank Bonds</td>
<td>4.50 %</td>
<td>2/20/74</td>
</tr>
</tbody>
</table>

Any government obligation qualified under RCW 39.53.010, as amended, may be substituted at time of closing for any of the above securities not available at time of closing, provided such substituted obligation shall provide the identical yield specified for the substituted security. Such Obligations, with the investment income therefrom, will be sufficient to provide for the payment of (1) the principal of and interest on the 1970 Bonds until October 1, 1980, the date such bonds shall be called for redemption, and (2) the redemption price payable on October 1, 1980, upon the redemption of the 1970 Bonds for bonds maturing after October 1, 1980.

On or before the delivery of the Refunding Bonds the City agrees that it will cause to be delivered to the Refunding Trustee a statement setting forth the amount of interest and the amount of principal to be paid on each semiannual interest payment date on the 1970 Bonds up through October 1, 1980, and the amount of principal required on October 1, 1980, to pay and redeem all then outstanding 1970 Bonds maturing after such call date.

The City by said Ordinance No. [84] has irrevocably called for redemption or prepayment on October 1, 1980, all of the 1970 Bonds maturing after such call date. Such call for redemption or prepayment shall be irrevocable upon the delivery of the Refunding Bonds.
Bonds. The Refunding Trustee through the City Clerk of the City shall provide for publication and mailing of the proper notices of such redemption or prepayment in accordance with the applicable provisions of Ordinance No. 1676 pertaining to the 1970 Bonds.

Provision for the giving of such notice of redemption or prepayment has irrevocably been made by the City.

SECTION 3. Disbursements by the Refunding Trustee. The Refunding Trustee shall present for payment on the due date thereof the Obligations so deposited and shall apply the proceeds derived therefrom in accordance with the provisions of this section.

Moneys shall be transferred by the Refunding Trustee to the City Treasurer of the City in amounts sufficient to pay the interest on and principal of the 1970 Bonds becoming due and payable on or before October 1, 1980, and in amounts sufficient to pay on October 1, 1980, the redemption price with respect to the 1970 Bonds maturing after October 1, 1980.

SECTION 4. Investment of Funds; Custody and Safekeeping of Obligations. Any moneys deposited with the Refunding Trustee or received by the Refunding Trustee as maturing principal or interest on Obligations prior to the time required to make the payments hereinbefore set forth shall be promptly invested and reinvested by the Refunding Trustee, but only upon specific instructions from the City Treasurer of the City, in noncallable obligations of the United States of America, maturing as to principal and interest in such amounts and at such times as to provide for the payments hereinbefore required to be made, except that the proceeds received from maturing principal or interest on the following Obligations:

<table>
<thead>
<tr>
<th>Description</th>
<th>Market Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>$180,000.00 7.50% Federal Land Bank Bonds (7/21/80)</td>
<td></td>
</tr>
</tbody>
</table>

shall not be reinvested in any event. All income derived from the Obligations and reinvestment of any moneys deposited with the Refunding
Trustee pursuant to Section 2 hereof in the hands of the Refunding Trustee (which moneys are not required to make the payments herein-before required to be made) shall be paid to the City Treasurer of the City for the credit of the "General Obligation Refunding Bond Fund, 1973," as and when realized and collected for use and application as other moneys deposited in such bond fund.

For as long as any of the 1970 Bonds are outstanding, on or before the 10th day of each month, commencing with the month of December, 1973, the Refunding Trustee shall render a statement as of the last day of the preceding month to the City Treasurer of the City, which statement shall set forth the Obligations which have matured and the amounts received by the Refunding Trustee by reason of such maturity, a list of any investments or reinvestments made by the Refunding Trustee in noncallable obligations of the United States of America, the interest and/or principal derived therefrom, the amounts paid to such Treasurer for credit to the "General Obligation Bond Fund, 1970," the amount of cash delivered to the City Treasurer of the City, and the dates of such delivery, for the payment of the interest on and principal of the 1970 Bonds as the same shall become due and/or payable, and the final payment of the redemption price for the 1970 Bonds on October 1, 1980, and any other transactions of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

All Obligations, moneys and investment income deposited with or received by the Refunding Trustee pursuant to this Agreement shall be subject to the trust created by this Agreement and the Refunding Trustee shall be liable for the preservation and safekeeping thereof.

SECTION 5. Duties and Obligations of Refunding Trustee. The duties and obligations of the Refunding Trustee shall be as prescribed by the provisions of this Agreement, and the Refunding Trustee shall not be liable except for the performance of its duties and obligations as specifically set forth herein and to act in good
faith in the performance thereof and no implied duties or obligations shall be incurred by such Refunding Trustee other than those specified herein.

The Refunding Trustee may consult with counsel of its choice and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

Provisions for the fees, compensation and expenses of the Refunding Trustee satisfactory to it have been made.

CITY OF KENT, WASHINGTON

By ________________
Mayor

ATTEST:

City Clerk

PACIFIC NATIONAL BANK OF WASHINGTON

By ________________
Trust Officer