AN ORDINANCE of the City of Kent, Washington, relating to contracting indebtedness; providing for the issuance and sale of $1,500,000 par value of "Limited General Obligation Bonds, 1978" of the City to provide a part of the funds with which to pay the cost of land acquisition and improvements for general City purposes and for the construction and improvement of City streets; specifying the maturities and fixing the form and maximum effective interest rate of such bonds; establishing a "Limited General Obligation Bond Fund, 1978" and two construction funds; and providing for the sale of such bonds.

WHEREAS, the City Council has expressed its intention to acquire for the City and improve certain land and to construct and improve certain City streets, and the City does not have available sufficient funds to pay the cost thereof and is in need of the additional sum of $1,500,000 to pay a part of the cost thereof; and

WHEREAS, the assessed valuation of the taxable property of the City as ascertained by the last preceding assessment for City purposes for the calendar year 1978 is $682,945,053, and the City has outstanding general indebtedness of $2,315,000 heretofore issued within the former limit of up to 1-1/2% of the assessed value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein, and $1,035,000 for such purposes with a vote of the qualified voters of the City, and the amount of indebtedness for which bonds are herein authorized to be issued is $1,500,000; NOW, THEREFORE,

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

Section 1. The City of Kent (the "City") shall borrow money on the credit of the City and issue negotiable general obligation
bonds (the "Bonds") evidencing such indebtedness in the amount of $1,500,000 to provide a part of the funds to pay the cost of land acquisition and improvements for general City purposes (which may include park purposes), for the construction of City streets, and to pay the cost of the issuance of the Bonds. Such general indebtedness to be incurred shall be within the limit up to 3/4 of 1% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein.

Section 2. The Bonds shall be called "Limited General Obligation Bonds, 1978," of the City; shall be dated July 1, 1978; shall be in denominations of $5,000 each; shall be numbered from 1 to 300, inclusive; and shall bear interest at an effective rate not to exceed 8% per annum, payable on July 1, 1979, and semiannually thereafter on each succeeding January 1 and July 1, as evidenced by coupons to be attached to the Bonds representing interest to maturity with full obligation on the part of the City to pay interest at the bond rate, from and after maturity, until the Bonds, both principal and interest, are paid in full. Both principal and interest are to be paid in lawful money of the United States of America at the office of the City Treasurer or, at the option of the holder, at either fiscal agency of the State of Washington in Seattle, Washington, or New York, New York. The Bonds shall mature serially in order of their numbers on July 1 in the years and amounts as follows (being computed on an assumed rate of 5.50% per annum):

<table>
<thead>
<tr>
<th>Bond Numbers (Inclusive)</th>
<th>Amounts</th>
<th>Maturity Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 9</td>
<td>$45,000</td>
<td>1980</td>
</tr>
<tr>
<td>10 to 19</td>
<td>50,000</td>
<td>1981</td>
</tr>
<tr>
<td>20 to 29</td>
<td>50,000</td>
<td>1982</td>
</tr>
<tr>
<td>30 to 40</td>
<td>55,000</td>
<td>1983</td>
</tr>
<tr>
<td>41 to 52</td>
<td>60,000</td>
<td>1984</td>
</tr>
<tr>
<td>53 to 64</td>
<td>60,000</td>
<td>1985</td>
</tr>
<tr>
<td>65 to 77</td>
<td>65,000</td>
<td>1986</td>
</tr>
<tr>
<td>79 to 91</td>
<td>70,000</td>
<td>1987</td>
</tr>
<tr>
<td>92 to 105</td>
<td>70,000</td>
<td>1988</td>
</tr>
<tr>
<td>106 to 120</td>
<td>75,000</td>
<td>1989</td>
</tr>
<tr>
<td>121 to 136</td>
<td>80,000</td>
<td>1990</td>
</tr>
<tr>
<td>137 to 153</td>
<td>85,000</td>
<td>1991</td>
</tr>
<tr>
<td>154 to 171</td>
<td>90,000</td>
<td>1992</td>
</tr>
<tr>
<td>172 to 190</td>
<td>95,000</td>
<td>1993</td>
</tr>
</tbody>
</table>
191 to 210  100,000  1994
211 to 231  105,000  1995
232 to 253  110,000  1996
254 to 276  115,000  1997
277 to 300  120,000  1998

Of the amounts of each maturity of Bonds, 73.333% thereof shall be allocated to the construction and improvement of City streets.

Section 3. The City reserves the right to redeem the then outstanding Bonds as a whole, or in part in inverse numerical order, from money derived from any source at par plus accrued interest to the date of redemption on any interest payment date on or after July 1, 1988.

Notice of such intended redemption shall be given by publication thereof in the official newspaper of the City at least once not less than 30 nor more than 45 days prior to the call date. Written notice shall also be given to the principal underwriter who purchases the Bonds within the same period. In addition, such redemption notice shall also be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their offices in New York, New York, but the mailing of such notice to such corporations shall not be a condition precedent to the redemption of such Bonds.

Interest on any Bonds so called for redemption shall cease on the date fixed for such redemption, upon payment of the redemption price into the "Limited General Obligation Bond Fund, 1978," hereinafter created.

Section 4. The City hereby irrevocably pledges itself to levy taxes annually, within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City, upon all property in the City subject to taxation in an amount sufficient, together with other money legally available and to be used therefor, to pay the principal of and interest on the Bonds as the same shall accrue, and the full faith, credit and resources of the City are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds.
Section 5. The Bonds shall be substantially in the following

form:

No. _____  $5,000

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF KENT

LIMITED GENERAL OBLIGATION BOND, 1978

The City of Kent, Washington (the "City"), is justly indebted to and for value received hereby promises to pay to bearer on the FIRST DAY OF JULY, 19__, the sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of ___% per annum, payable on July 1, 1979, and semiannually thereafter on each succeeding January 1 and July 1, interest to maturity being evidenced by and payable upon the presentation and surrender of the attached interest coupons as they severally become due, with full obligation on the part of the City to pay interest at the same rate from and after the maturity date, in the absence of coupons, until this bond with interest is paid in full. This bond is payable, both principal and interest, in lawful money of the United States of America at the office of the City Treasurer or, at the option of the holder hereof, at either fiscal agency of the State of Washington in Seattle, Washington, or New York, New York.

This bond is one of a total issue of $1,500,000 par value of bonds, all of like date, tenor and effect, except as to maturities (and interest rates if more than one interest rate is bid), issued by the City for general municipal purposes, for the purpose of providing a part of the funds with which to pay the cost of land acquisition and improvements for general City purposes and for the construction and improvement of City Streets, and is issued in full compliance with the ordinances of the City and the laws and Constitution of the State of Washington.

The City has reserved the right to redeem the then outstanding bonds of this issue as a whole, or in part in inverse numerical order, from money derived from any source at par plus accrued interest to date of redemption on any interest payment date on or after July 1, 1988.

Notice of such intended redemption shall be given by publication thereof in the official newspaper of the City at least once not less than 30 nor more than 45 days prior to the call date. Written notice shall also be given to [the principal underwriter who purchases the bonds] within the same period. In addition,
such redemption notice shall also be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their offices in New York, New York, but the mailing of such notice to such corporations shall not be a condition precedent to the redemption of such bonds. Interest on any bonds so called for redemption shall cease on the date fixed for such redemption, upon payment of the redemption price into the bond fund from which this bond is to be paid.

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, together with other money legally available and used therefor, to pay the principal of and interest on the bonds of this issue as the same shall accrue, and the full faith, credit and resources of the City are hereby irrevocably pledged for the payment of the principal of and interest on the bonds of this issue.

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 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 the printed facsimile seal of the City to be reproduced hereon, and the interest coupons attached to be signed with the facsimile signatures of those officials this first day of July, 1978.

CITY OF KENT, WASHINGTON

By (facsimile signature) Mayor

ATTEST:

[Signature]
City Clerk

The form of the interest coupons shall be substantially as follows:

Coupon No. ___

$_____

(Unless the bond referred to below is previously redeemed) On the FIRST DAY OF (JANUARY) (JULY), 19__, the CITY OF KENT, WASHINGTON, upon presentation and surrender of this coupon, will pay to the bearer at the office of the City Treasurer or, at the option of the holder, at either fiscal agency of the State of Washington in Seattle, Washington, or New York, New York, the sum shown hereon in lawful money of the United States of America, such sum being the interest
due that date upon its "Limited General Obligation Bond, 1978," dated July 1, 1978, and numbered ____.

CITY OF KENT, WASHINGTON

By (facsimile signature) Mayor

ATTEST:

(facsimile signature) City Clerk

Section 6. The 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 and pursuant to RCW 39.62.030 the printed facsimile seal of the City shall be reproduced thereon, and each of the interest coupons shall be signed with the facsimile signatures of the Mayor and the City Clerk.

Section 7. There is hereby created and established in the office of the City Treasurer a special fund to be known and designated as the "Limited General Obligation Bond Fund, 1978" (the "Bond Fund") of the City. The accrued interest and premium received, if any, upon the sale and delivery of the Bonds shall be paid into the Bond Fund. There is hereby created and established in the office of the City Treasurer a special fund to be known and designated as the "Acquisition and Construction Fund, 1978," of the City. Of the principal proceeds received from the sale and delivery of the Bonds, $400,000 shall be paid into the "Acquisition and Construction Fund, 1978," for City land acquisitions and improvements and to pay that proportional share of the costs of issuance and sale of the Bonds. There is hereby created and established in the office of the City Treasurer a special fund to be known and designated as the "Street Construction Fund, 1978," of the City of Kent. Of the principal proceeds received from the sale and delivery of the Bonds, $1,000,000 shall be paid into the "Street Construction Fund, 1978," for the City street construction and improvements and to pay that proportional share of the costs of issuance and sale of the Bonds. All taxes collected for and allocated
to the payment of the principal of and interest on the Bonds shall hereafter be deposited in the Bond Fund.

Section 8. The Bonds shall be sold for cash at public sale for not less than par plus accrued interest, upon sealed bids to be received at the office of the City Clerk up to the day and hour stated in the Notice of Bond Sale hereinafter directed to be given.

Notice calling for bids to purchase the Bonds shall be published once a week for four consecutive weeks in the official newspaper of the City and such notice shall also be published once in the Daily Journal of Commerce of Seattle, Washington, at least ten days before the bid opening date. Such notice shall specify that bids for the purchase of the Bonds shall be received by the City Clerk in the Council Chambers of the City Hall on June 5, 1978, up to 2:00 p.m. (PDT), at which time all bids will be publicly opened for the purchase of the Bonds. The bids will be considered and acted upon by the City Council at a meeting thereof to be held at 8:00 p.m. (PDT) that same day.

A copy of the notice shall, at least three weeks prior to the date fixed for the sale, be mailed to the State Finance Committee, Olympia, Washington.

Bids shall be invited for the purchase of the Bonds with fixed maturities in accordance with the schedule specified in Section 2 hereof.

The notice shall specify the maximum effective rate of interest the Bonds shall bear, i.e., 8% per annum, and shall require bidders to submit a bid specifying:

(a) The lowest rate or rates of interest and premium, if any, above par at which the bidder will purchase the Bonds; or

(b) The lowest rate or rates of interest at which the bidder will purchase the Bonds at par.

Coupon rates shall be in multiples of 1/8 or 1/10 of 1%, or both. No more than one rate of interest may be fixed for any one
maturity. Only one coupon will be attached to each Bond for each installment of interest thereon, and bids providing for additional or supplemental coupons will be rejected. The maximum differential between the lowest and highest coupon rates named in any bid shall not exceed 2%.

For the purpose of comparing the bids only, the coupon rates bid being controlling, each bid shall state the total interest cost over the life of the Bonds and the net effective interest rate of the bid.

The Bonds shall be sold to the bidder making the best bid, subject to the right of the City Council of the City to reject any and all bids and to readvertise the Bonds for sale in the manner provided by law, and no bid for less than all of the Bonds shall be considered.

All bids shall be sealed and, except the bid of the State of Washington, if one is received, shall be accompanied by a deposit of $75,000. The deposit shall be either cash or by certified or cashier's check made payable to the City Treasurer of the City and shall be promptly returned if the bid is not accepted. If the Bonds are ready for delivery and the successful bidder shall fail and neglect to complete the purchase of the Bonds within forty days following the acceptance of its bid, the amount of its deposit shall be forfeited to the City and in that event the City Council may accept the bid of the one making the next best bid. If there be two or more equal bids for not less than par plus accrued interest and such bids are the best bids received, the City Council shall determine by lot which bid will be accepted. The Bonds will be delivered to the successful bidder at the office of the City Treasurer or in the City of Seattle, at the City's expense, or at such other place as the City Treasurer and the successful bidder may mutually agree upon at the purchaser's expense. A no-litigation certificate in the usual form will be included in the closing papers.
Any bid presented after the hour specified for the receipt of bids will not be received and any bid not accompanied by the required bid deposit at the time of opening such bid will not be read or considered.

The City Clerk shall be and is hereby authorized and directed to publish notice for the purchase of the Bonds in the manner required by law in accordance with the provisions of this section. Such notice shall provide that the City will cause the Bonds to be printed or lithographed and signed and will furnish the approving legal opinion of Messrs. Roberts, Shefelman, Lawrence, Gay & Moch, municipal bond counsel of Seattle, Washington, covering the Bonds without cost to the purchaser, such opinion also being printed on each bond. Bond counsel shall not be required to review or express any opinion concerning the completeness or accuracy of any official statement or other sales material issued or used in connection with the Bonds, and bond counsel's opinion shall so state. Such notice shall also provide that further information regarding the details of such Bonds may be received upon request made to the City Clerk or to Foster & Marshall Inc., the City's financial consultants, at 205 Columbia Street, Seattle, Washington 98104.

Section 9. This ordinance shall take effect and be in force five (5) days from and after its passage, approval and publication as provided by law.

ATTEST:

William J. Carey
Mayor Pro Tem

Donald E. Mirk, City Attorney
BETTY GRAY, Deputy

I, MARIE-JENSEN, City Clerk of the City of Kent, Washington, hereby certify that the attached copy of Ordinance No. 2391 is a true and correct copy of the original ordinance passed on the 7th day of May, 1978, as that ordinance appears on the Minute Book of the City.

DATED this 9th day of May, 1978.

[Signature]
MARIE-JENSEN, City Clerk

BETTY GRAY, Deputy City Clerk