AN ORDINANCE of the City of Kent, Washington, relating to contracting indebtedness; providing for the issuance of $12,303,000 par value of Unlimited Tax General Obligation Bonds, 1986, authorized by the qualified voters of the City at a special election held therein pursuant to Ordinance No. 2646; fixing the date, form, maturities, interest rates, terms and covenants of such bonds; establishing a bond redemption fund and a construction fund; and providing for the delivery of such bonds to Shearson Lehman Brothers Inc., Foster & Marshall Division, Seattle, Washington.

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

Section 1. The City of Kent, Washington (the "City"), shall issue and sell the total $12,303,000 par value of negotiable general obligation bonds authorized by the qualified voters of the City at a special election held on November 4, 1986, pursuant to Ordinance No. 2646 passed July 21, 1986, for the purpose of purchasing equipment and paying the cost of acquiring land and constructing and remodeling City facilities for fire and police use. The bonds shall be designated Unlimited Tax General Obligation Bonds, 1986 (the "Bonds"), of the City; shall be dated December 1, 1986; shall be in the denomination of $5,000 or any integral multiple thereof within a single maturity, except that one Bond maturing in 1988, shall be in the denomination of $3,000 or of $5,000 or a multiple thereof plus $3,000; shall be numbered separately in the manner and with any additional designation as the Bond Registrar (collectively, the fiscal agencies of the State of Washington located in Seattle, Washington, and New York, New York) deems necessary for purposes of identification; shall bear interest at the rates set forth below (computed on the basis of a 360-day year of twelve 30-day months), payable on December 1, 1987, and semiannually
thereafter on each succeeding June 1 and December 1; and shall
bear interest at the rates and mature on December 1 in years and
amounts as follows:

<table>
<thead>
<tr>
<th>Maturity Years</th>
<th>Amounts</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>$333,000</td>
<td>8.125%</td>
</tr>
<tr>
<td>1989</td>
<td>355,000</td>
<td>8.125</td>
</tr>
<tr>
<td>1990</td>
<td>385,000</td>
<td>8.000</td>
</tr>
<tr>
<td>1991</td>
<td>415,000</td>
<td>8.000</td>
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<tr>
<td>1992</td>
<td>445,000</td>
<td>7.875</td>
</tr>
<tr>
<td>1993</td>
<td>480,000</td>
<td>7.375</td>
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<tr>
<td>1994</td>
<td>515,000</td>
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<tr>
<td>1995</td>
<td>545,000</td>
<td>6.200</td>
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<tr>
<td>1996</td>
<td>580,000</td>
<td>6.400</td>
</tr>
<tr>
<td>1997</td>
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<td>6.600</td>
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<tr>
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<td>650,000</td>
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<tr>
<td>1999</td>
<td>690,000</td>
<td>6.750</td>
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<tr>
<td>2000</td>
<td>735,000</td>
<td>6.800</td>
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<tr>
<td>2001</td>
<td>785,000</td>
<td>6.850</td>
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<tr>
<td>2002</td>
<td>835,000</td>
<td>6.850</td>
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<td>2003</td>
<td>890,000</td>
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<tr>
<td>2004</td>
<td>950,000</td>
<td>6.950</td>
</tr>
<tr>
<td>2005</td>
<td>1,015,000</td>
<td>7.000</td>
</tr>
<tr>
<td>2006</td>
<td>1,090,000</td>
<td>7.000</td>
</tr>
</tbody>
</table>

If any Bond is not redeemed upon proper presentment at its
maturity or call date, the City shall be obligated to pay
interest at the same rate for each such Bond from and after its
maturity or call date until such Bond, both principal and
interest, is paid in full or until sufficient money for such
payment in full is on deposit in the bond redemption fund
hereinafter created and such Bond has been called for payment.

The Bonds shall be issued only in registered form as to
both principal and interest and recorded in the books and
records maintained by the Bond Registrar (the "Bond Register").
The Bond Register shall contain the name and mailing address of
the owner of each Bond and the principal amounts and numbers of
Bonds held by each owner.

Upon surrender thereof to the Bond Registrar, the Bonds may
be exchanged for Bonds in any authorized denomination of an
equal aggregate principal amount and of the same interest rate
and maturity. Bonds may be transferred only if endorsed in the
manner provided thereon and surrendered to the Bond Registrar.
Such exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the fifteen days preceding any principal or redemption date.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owners at the addresses appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date or, when requested in writing at least fifteen days preceding an interest payment date by a registered owner of at least $100,000 principal amount of Bonds, shall be paid on the interest payment date by wire transfer to the account identified by the requesting registered owner whose name, address and wire transfer account number appear on the Bond Register fifteen days preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners at either office of the Bond Registrar at the option of such owners.

Bonds maturing in the years 1988 through 1996, inclusive, shall be issued without the right or option of the City to redeem the same prior to their stated maturities. The City reserves the right and option to redeem the Bonds maturing on or after December 1, 1997, as a whole, or in part in inverse order of maturity (and by lot within a maturity in such manner as the Bond Registrar shall determine), on December 1, 1996, and on any interest payment date thereafter, at par plus accrued interest to the date of redemption. Portions of the principal amount of any Bond may be redeemed in installments of $5,000 or any integral multiple of $5,000. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar, there shall be
issued to the registered owner, without charge therefor, a new Bond (or Bonds at the option of the registered owner) of like maturity and interest rate in any of the denominations authorized by this ordinance.

Notice of any such intended redemption shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register. The requirements of this section shall be deemed to be complied with when notice is mailed as herein provided, whether or not it actually is received by the owner of any Bond. The interest on the Bonds so called for redemption shall cease on the date fixed for redemption unless such Bond or Bonds so called are not redeemed upon presentation made pursuant to such call. In addition, such redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's Corporation at their offices in New York, New York, or their successors, and to Shearson Lehman Brothers Inc., Foster & Marshall Division, in Seattle, Washington, or its successor, but such mailing shall not be a condition precedent to the redemption of such Bonds.

The City further reserves the right and option to purchase any or all of the Bonds in the open market at any time at a price not in excess of par plus accrued interest to the date of such purchase.

Section 2. The City pledges irrevocably to levy taxes annually, without limitation as to rate or amount, on 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 become due, and the full faith, credit and resources of the City are pledged irrevocably for the annual
levy and collection of those taxes and the prompt payment of that principal and interest.

Section 3. The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this ordinance and state law, shall be signed by the Mayor and City Clerk, both of whose signatures shall be in facsimile, and a facsimile reproduction of the seal of the City shall be printed thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the following form, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This bond is one of the fully registered City of Kent, Washington, Unlimited Tax General Obligation Bonds, 1986, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By _______________________
Authorized Officer

Such executed Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either or both of the officers whose facsimile signatures appear on the Bonds shall cease to be such officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar or issued by the City, such Bonds nevertheless may be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those whose facsimile signatures appear on the Bonds had continued to be such officers of the City. Any Bond also may be signed on behalf of the City by such persons as at the actual date of
execution of such Bond shall be proper officers of the City authorized to execute bonds although on the original date of such Bond such persons were not such officers of the City.

Section 4. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the City. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and City Ordinance No. 2418 establishing a system of registration for the City's bonds and obligations.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 5. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 6. The City covenants that it will neither make nor permit any use of proceeds of the Bonds or other funds of the City at any time during the term of the Bonds which will cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the United States Internal Revenue Code of 1986 (the "Code") and applicable regulations promulgated thereunder. Further, the City covenants that, if all proceeds of the Bonds have not been spent within six months from the date of issuance
of the Bonds, it will calculate, or cause to be calculated, and rebate to the United States all earnings from the investment of Bond proceeds that are in excess of the amount that would have been earned had the yield on such investments been equal to the yield on the Bonds, plus all income derived from such excess earnings, to the extent and in the manner required by Section 148 of the Code and such applicable regulations. In the event the City shall fail to meet the rebate requirements applicable to the Bonds under Section 148 of the Code, the City covenants that, to the extent permitted by that Section, it shall pay the penalty provided in Subsection 148(f)(7)(C) of the Code if required to prevent a loss of the tax exemption for interest on the Bonds.

The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon.

Section 7. The City may issue advance refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay the principal of and interest on the Bonds, or such portion thereof included in a refunding or defeasance plan, as the same become due and payable and to redeem and retire or refund all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of such refunding or defeasance. In the event that money and/or "government obligations," as such obligations are defined in Chapter 39.53 RCW, as now or hereafter amended, maturing at such time or times and bearing interest thereon, in amounts (together with such money, if necessary) sufficient to redeem and retire or refund the defeased Bonds in accordance with their terms, are set aside irrevocably in a special fund for and are pledged irrevocably to such redemption and
retirement (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this ordinance and, except as hereinafter provided, in the funds and accounts obligated to the payment of such defeased Bonds thereafter shall cease and become void. Such owners thereafter shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account, and the defeased Bonds shall be deemed not to be outstanding hereunder. Anything herein to the contrary notwithstanding, the pledge of the full faith, credit and taxing power of the City to the payment of the Bonds shall remain in full force and effect after the establishment and full funding of the trust account. Subject to the rights of the owners of the Bonds, the City then may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

Section 8. There is created and established in the office of the City Finance Director a special fund to be known and designated as the Unlimited Tax General Obligation Bond Fund, 1986 (the "Bond Fund"). The accrued interest received, if any, upon the sale and delivery of the Bonds shall be paid into the Bond Fund. There also is created and established in the office of the City Finance Director a special fund to be known and designated as the Public Safety Acquisition and Construction Fund, 1986, of the City (the "Acquisition and Construction Fund"). The principal proceeds received from the sale and delivery of the Bonds shall be paid into the Acquisition and Construction Fund and used for the purposes specified in Section 1 of this ordinance and to pay the costs of issuance and sale of the Bonds. Pending the expenditure of such principal proceeds, the City temporarily may invest such proceeds in any legal investment and the investment earnings may be retained in
the Acquisition and Construction Fund and expended for the purposes of the Bonds and such fund, subject to the provisions of Section 6 of this ordinance. All taxes collected for and allocated to the payment of the principal of and interest on the Bonds hereafter shall be deposited in the Bond Fund.

Section 9. Shearson Lehman Brothers Inc., Foster & Marshall Division, of Seattle, Washington, has presented a purchase contract dated December 15, 1986 (the "Bond Purchase Contract"), to the City offering to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Bond Purchase Contract is in the City's best interest and therefore accepts the offer contained therein and authorizes the execution thereof by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the Bond Purchase Contract, with the approving legal opinion of Roberts & Shefelman, municipal bond counsel of Seattle, Washington, relative to the issuance of the Bonds, printed on each Bond. Bond counsel has not been retained to and shall not be required to review, except the description of the Bonds, and shall express no opinion concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Bonds, and bond counsel's opinion shall so state.

The appropriate City officers are authorized to execute such documents, including the official statement, and perform such other requirements as may be necessary to effect the prompt delivery of the Bonds to the purchaser.

Section 10. Pending the printing, execution and delivery to the purchaser of the definitive Bonds, the City may cause to
be executed and delivered to such purchaser a single temporary Bond in the principal amount of $12,303,000. Such temporary Bond shall bear the same date of issuance, interest rates, principal payment dates and terms and covenants as the definitive Bonds, and shall be issued as a fully registered Bond in the name of such purchaser, and shall be in such form as acceptable to such purchaser. Such temporary Bond shall be exchanged for the definitive Bonds as soon as the same are printed, authenticated and available for delivery.

Section 11. This ordinance shall take effect and be in force five days from and after its passage, approval and publication as provided by law.

ATTEST:

DAN KELLEHER, Mayor

APPROVED AS TO FORM:

BILL H. WILLIAMSON,
ACTING CITY ATTORNEY

PASSED the 15 day of Dec, 1986.
APPROVED the 16 day of Dec, 1986.
PUBLISHED the 19 day of Dec, 1986.

I hereby certify that this is a true and correct copy of Ordinance No. 2684 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

MARIE JENSEN, CITY CLERK