AN ORDINANCE of the City of Kent, Washington, relating to the water supply and distribution system of the City; authorizing the issuance of $3,135,000 of Water Revenue Refunding Bonds, 1987, of the City for the purpose of providing the funds to refund, pay and retire its outstanding Water Revenue Bonds, 1984; fixing the date, form, maturities, interest rates, terms and covenants of those refunding bonds; authorizing the purchase of certain obligations and the use and application of the money to be derived from such investments; authorizing the execution of an agreement with Seattle-First National Bank of Seattle, Washington, as Refunding Trustee; providing for the payment and redemption of the bonds to be refunded; and approving the sale and providing for the delivery of such refunding bonds to Shearson Lehman Brothers Inc., Foster & Marshall Division, of Seattle, Washington.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recitals</td>
<td>1</td>
</tr>
<tr>
<td>Section 1. Definitions</td>
<td>7</td>
</tr>
<tr>
<td>Section 2. Required Findings for Parity</td>
<td>10</td>
</tr>
<tr>
<td>Section 3. Authorization of Bonds</td>
<td>10</td>
</tr>
<tr>
<td>Section 4. Optional Redemption of Bonds; Open Market Purchases</td>
<td>12</td>
</tr>
<tr>
<td>Section 5. Payments into, Application of Money in and Investments of Bond Fund; Authorization of Rebate Account</td>
<td>14</td>
</tr>
<tr>
<td>Section 6. Pledge of Revenues; Charge on Lien of Bonds</td>
<td>17</td>
</tr>
<tr>
<td>Section 7. Findings; Due Regard</td>
<td>17</td>
</tr>
<tr>
<td>Section 8. Disposition of Bonds Proceeds and Refunding Plan</td>
<td>18</td>
</tr>
<tr>
<td>Section 9. Appointment and Duties of Refunding Trustee; Execution of Refunding Trust Agreement</td>
<td>20</td>
</tr>
<tr>
<td>Section 10. Call for Redemption of Refunded 1984 Bonds</td>
<td>21</td>
</tr>
<tr>
<td>Section 11. Findings Regarding Refunding</td>
<td>22</td>
</tr>
<tr>
<td>Section 12. Covenants</td>
<td>22</td>
</tr>
<tr>
<td>Section 13. Future Parity Bonds; Junior Lien Obligations</td>
<td>24</td>
</tr>
<tr>
<td>Section 14. Application of Revenues</td>
<td>25</td>
</tr>
<tr>
<td>Section 15. Form, Execution and Authentication of Bonds</td>
<td>25</td>
</tr>
<tr>
<td>Section 16. Registration of Bonds</td>
<td>27</td>
</tr>
<tr>
<td>Section 17. Negotiability of Bonds</td>
<td>27</td>
</tr>
<tr>
<td>Section 18. Advance Refunding and Defeasance</td>
<td>27</td>
</tr>
<tr>
<td>Section 19. Sale and Delivery of Bonds</td>
<td>29</td>
</tr>
<tr>
<td>Section 20. Temporary Bond</td>
<td>30</td>
</tr>
<tr>
<td>Section 21. Severability</td>
<td>30</td>
</tr>
<tr>
<td>Section 22. Effective Date</td>
<td>31</td>
</tr>
</tbody>
</table>
AN ORDINANCE of the City of Kent, Washington, relating to the water supply and distribution system of the City; authorizing for the issuance of $3,135,000 of Water Revenue Refunding Bonds, 1987, of the City for the purpose of providing the funds to refund, pay and retire its outstanding Water Revenue Bonds, 1984; fixing the date, form, maturities, interest rates, terms and covenants of those refunding bonds; authorizing the purchase of certain obligations and the use and application of the money to be derived from such investments; authorizing the execution of an agreement with Seattle-First National Bank of Seattle, Washington, as Refunding Trustee; providing for the payment and redemption of the bonds to be refunded; and approving the sale and providing for the delivery of such refunding bonds to Shearson Lehman Brothers Inc., Foster & Marshall Division, of Seattle, Washington.

WHEREAS, the City of Kent, Washington (the "City), has heretofore issued under date of May 1, 1963, pursuant to Ordinance No. 1178, its Water Revenue Bonds, 1963, Issue No. 1, in the principal amount of $327,000 for the purpose of refunding the then outstanding Water Revenue Bonds, 1959, of the City; and

WHEREAS, pursuant to the provisions of Section 9 of Ordinance No. 1178, as amended by Ordinance No. 2118, the City covenanted and agreed that it would not issue any Parity Revenue Bonds (as therein defined) unless it should first satisfy the following conditions:

"(a) At the time of the issuance of such Parity Revenue Bonds there shall be no deficiency in either the Principal and Interest Account or Reserve Account of the Bond Fund.

"(b) The City shall have covenanted in each ordinance authorizing the issuance of Parity Revenue Bonds that it will establish, maintain and collect rates and charges for water (and for sanitary sewage disposal service in the event that the sanitary sewerage system of the City ever becomes a part of the Water System) for as long as any of the Bonds and any Parity Revenue Bonds are outstanding as will make available for payment of the principal of and interest on all of such bonds, for mandatory sinking fund payments, and for mandatory bond redemptions prior to maturity, as the same shall become due, an amount
equal to at least 1.35 times the average annual amount required for such payments, exclusive of the principal requirements for any Term Bond Maturity Year (unless the ordinance authorizing the issuance of any such bonds requires that the rate coverage obligation apply to the principal amount in a Term Bond Maturity Year), after necessary costs of maintenance and operation of the Water System shall have been paid, but before depreciation. The ordinance authorizing such additional Parity [Revenue] Bonds shall require that the payment of all such bonds maturing in a Term Bond Maturity Year shall be provided for by either a mandatory sinking fund or by mandatory redemption thereof on or before their maturity.

"(c) The City shall have covenanted in each ordinance authorizing the issuance of Parity Revenue Bonds that it will pay into the Reserve Account of the Bond Fund within five years of the date of issuance of such Parity Revenue Bonds an amount which, with the money in the Reserve Account, will be at least equal to the maximum annual debt service on all then outstanding bonds payable from the Bond Fund but not less than the next year's debt service on all outstanding bonds, the principal of and interest on which are payable out of the Bond Fund, and will further provide in each such ordinance for additional payments to be made into the Reserve Account if necessary so that there shall be on deposit therein at all times after each of those five-year periods an amount at least equal to the next succeeding year's debt service on all bonds payable out of the Bond Fund. To satisfy the Reserve Account requirement, the whole or any part of the money in any other reserve fund or account of the City created to secure the payment of the principal of or interest on any revenue bonds or revenue coupon warrants being refunded by such Parity Revenue Bonds may be transferred to the Reserve Account at the time such outstanding bonds or warrants are redeemed.

"(d) At the time of the issuance of such Parity Revenue Bonds, except the 'Water Revenue Bonds, 1963, Issue No. 2,' the City shall have on file a certificate from an independent licensed professional engineer showing that in his professional opinion the net revenue of the Water System which will be available in each succeeding year for the payment of the principal of and interest on, mandatory sinking funds of, and mandatory redemptions of the Bonds, all bonds payable from the Bond Fund then outstanding and the Parity Revenue Bonds to be issued as all of the same shall become due (except for those Bonds or any then outstanding Parity Revenue Bonds that are to be refunded by the Parity Revenue Bonds to be issued) will equal at least 1.35 times the average annual amount required for such payments, exclusive of the principal requirement in any Term Bond Maturity Year (unless the ordinance authorizing the issuance of any such bonds requires that the rate coverage obligation apply to the principal amount in a Term Bond Maturity Year).
"For the purpose of the engineer's certificate, the words net revenue of the Water System which will be available . . . for the payment of the principal of and interest on all of such bonds shall mean the gross operating revenues and receipts of the Water System after deducting therefrom all necessary expenses of maintenance and operation thereof, but before depreciation and annual debt service on all outstanding revenue bonds or revenue coupon warrants that may have a lien on the gross revenue of the Water System junior and inferior to the lien thereon for the payment of the principal of and interest on the Bonds. The net revenue may be based on any increase in revenues to be derived by an increase in water rates and charges (and any charges for sanitary sewage disposal service should the sanitary sewerage system of the City ever be combined with the Water System) authorized by the City Council to be effective by the time delivery of such Parity Revenue Bonds is made. . . ."; and

WHEREAS, pursuant to Ordinance No. 1179, the City heretofore issued under date of May 1, 1963, its Water Revenue Bonds, 1963, Issue No. 2, in the principal sum of $1,000,000 for the purpose of obtaining funds to pay the cost of carrying out a system or plan of additions to and betterments and extensions of the water supply and distribution system of the City, and for the purpose of refunding all outstanding Water Revenue Bonds, 1948, Water Revenue Bonds, 1957, and Water Revenue Bonds, 1958, which 1963 Bonds, Issue No. 2, pursuant to the provisions of Section 9 of Ordinance No. 1178, were issued as Parity Revenue Bonds; and

WHEREAS, pursuant to Ordinance No. 1269, the City heretofore issued under date of November 1, 1964, its Water Revenue Bonds, 1964, in the principal sum of $1,210,000 for the purpose of obtaining funds to pay the cost of carrying out the system or plan of additions to and betterments and extensions of the existing water supply and distribution system of the City specified and adopted in Ordinance No. 1269 and for the purpose of paying the cost of excess water pipe capacity in Local Improvement Districts Nos. 245 and 246 heretofore created, which
1964 Bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, were issued as Parity Revenue Bonds; and

WHEREAS, pursuant to Ordinance No. 1691, the City heretofore issued $1,000,000 principal amount of Water Revenue Bonds, 1970, for the purpose of obtaining a part of the funds to pay the cost of carrying out certain portions of the system or plan of additions to and betterments and extensions of the existing water supply and distribution system of the City specified and adopted by Ordinance No. 1408 and for the purpose of paying the cost of excess water pipe capacity in Local Improvement District No. 252 heretofore created, which 1970 Bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, were issued as Parity Revenue Bonds; and

WHEREAS, pursuant to Ordinance No. 1822, the City heretofore issued $1,005,000 principal amount of Water Revenue Refunding Bonds, 1973, for the purpose of providing funds to redeem, pay and retire on December 1, 1985, all of its then outstanding Water Revenue Bonds, 1970, which 1973 Refunding Bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, became Parity Revenue Bonds with the payment and retirement of those 1970 Bonds on December 1, 1985; and

WHEREAS, pursuant to Ordinance No. 1967, the City heretofore issued $1,000,000 principal amount of Water Revenue Bonds, 1976, for the purpose of obtaining funds to pay the cost of carrying out the system or plan of additions to and betterments and extensions of the existing water supply and distribution system of the City specified and adopted in Ordinance No. 1967, which 1976 Bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, were issued as Parity Revenue Bonds; and

WHEREAS, pursuant to Ordinance No. 2118, the City heretofore issued $2,000,000 principal amount of Water Revenue Bonds, 1978, for the purpose of providing funds to carry out a system
or plan of additions to and betterments and extensions of the existing water supply and distribution system specified and adopted in Ordinance No. 2118, for completing the system or plan specified and adopted by Ordinance No. 1967, and for other system purposes, which 1978 Bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, as amended, were issued as Parity Revenue Bonds; and

WHEREAS, pursuant to Ordinance No. 2382, the City heretofore issued $4,800,000 principal amount of Water Revenue Bonds, 1982, for the purpose of obtaining funds to pay the cost of carrying out the system or plan of additions to and betterments and extensions of the existing water supply and distribution system of the City specified and adopted by Ordinance No. 2329, as amended, which 1982 Bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, as amended, were issued as Parity Revenue Bonds, all of which 1982 Bonds have been defeased fully with the proceeds of the 1985 Refunding Bonds; and

WHEREAS, pursuant to Ordinance No. 2501, the City heretofore issued $2,405,000 principal amount of Water Revenue Bonds, 1984, for the purpose of obtaining funds to pay the cost of carrying out the system or plan of additions to and betterments and extensions of the existing water supply and distribution system of the City specified and adopted by Ordinance No. 2496, which 1984 Bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, as amended, were issued as Parity Revenue Bonds; and

WHEREAS, pursuant to Ordinance No. 2570, the City heretofore issued $5,545,000 principal amount of Water Revenue Refunding Bonds, 1985, for the purpose of providing a part of the funds to refund, pay and retire its outstanding 1982 Bonds, which 1985 Refunding Bonds, pursuant to the provisions of
Section 9 of Ordinance No. 1178, as amended, were issued as Parity Revenue Bonds; and

WHEREAS, the City presently has outstanding $2,405,000 principal amount of the 1984 Bonds maturing serially or subject to mandatory redemption in various amounts on December 1 of each of the years 1987 through 2004, inclusive, and bearing various interest rates from 8.00% to 10.75%; and

WHEREAS, pursuant to section 14 of Ordinance No. 2501, the City reserved the right to redeem any or all of the 1984 Bonds prior to their stated maturity dates on December 1, 1994, at a price of 102% of par plus accrued interest, and on any interest payment date thereafter, the redemption price to reduce 1% annually to par on or after December 1, 1996; and

WHEREAS, after due consideration, it appears to the City Council that the 1984 Bonds may be refunded by the issuance and sale of the bonds authorized herein (the "Bonds") so that a significant savings will be effected by the difference between the principal and interest cost over the life of the Bonds and the principal and interest cost over the life of the 1984 Bonds but for such refunding, which refunding will be effected by:

(a) The issuance of the Bonds; and

(b) The payment of the principal of and interest on the 1984 Bonds as the same shall become due up to and including December 1, 1994, and, on December 1, 1994, the call, payment and redemption of all of the outstanding 1984 Bonds at a price of 102% of par;

and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the City, it is found necessary and advisable that certain Acquired Obligations (hereinafter defined), bearing interest and maturing at such times as are necessary to accomplish the refunding as aforesaid, be purchased out of the proceeds of the Bonds and, as may be
necessary or desirable, other money of the City legally avail­able therefor; and

WHEREAS, the City Council has determined that it is in the best interest of the City and its ratepayers to issue and sell $3,135,000 of the Bonds to provide the funds necessary to pay, redeem and retire the 1984 Bonds, and Shearson Lehman Brothers Inc., Foster & Marshall Division, has offered in the form of a purchase contract to purchase such Bonds on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings:

"Acquired Obligations" shall mean those United States Treasury Certificates of Indebtedness, Notes and Bonds, State and Local Government Series and other direct obligations of the United States of America purchased to accomplish the refunding authorized by this ordinance.

"Bond Fund" shall mean the Water Revenue Bond Redemption Fund, 1963, created by Ordinance No. 1178, passed April 1, 1963.

"Bond Registrar" shall mean the fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York, as the same shall be designated from time to time.

"Bonds" shall mean the $3,135,000 Water Revenue Refunding Bonds, 1987, authorized to be issued by this ordinance.


"1964 Bonds" shall mean the Water Revenue Bonds, 1964, authorized to be issued by Ordinance No. 1269, passed October 5, 1964.


"1978 Bonds" shall mean the Water Revenue Bonds, 1978, authorized to be issued by Ordinance No. 2118, passed October 2, 1978.

"1982 Bonds" shall mean the Water Revenue Bonds, 1982, authorized to be issued by Ordinance No. 2382, passed December 6, 1982.

"1984 Bonds" shall mean the Water Revenue Bonds, 1984, authorized to be issued by Ordinance No. 2501, passed November 5, 1984.

"1985 Refunding Bonds" shall mean the Water Revenue Refunding Bonds, 1985, authorized to be issued by Ordinance No. 2570, passed July 1, 1985.

"City" shall mean the City of Kent, Washington, a duly organized and existing non-charter code city under the laws of the State of Washington.

"1986 Code" shall mean the Internal Revenue Code of 1986, as may be hereafter amended, and regulations promulgated thereunder.

"Future Parity Bonds" shall mean all revenue bonds of the City issued after the date of the issuance of the Bonds and having a lien and charge upon the gross revenues of the Water System on a parity with the lien and charge upon such gross revenue of the Outstanding Parity Bonds and the Bonds for the
payment of the principal thereof and interest thereon, and
constituting "Parity Revenue Bonds" under Section 9 of Ordinance
No. 1178, as amended by Ordinance No. 2118.

"Government Obligations" shall mean those government
obligations defined by RCW 39.53.010(9) as it now reads or
hereafter may be amended and which are otherwise lawful invest­
ments of the City at the time of such investment.

"Outstanding Parity Bonds" shall mean the outstanding 1963
Bonds, Issue No. 1; 1963 Bonds, Issue No. 2; 1964 Bonds; 1973
Refunding Bonds; 1976 Bonds; 1978 Bonds; and 1985 Refunding
Bonds but shall exclude the 1984 Bonds, irrevocable provision
having been made by this ordinance for their refunding, payment
and retirement upon the delivery of the Bonds.

"Refunding Trust Agreement" shall mean a Refunding Trust
Agreement between the City and the Refunding Trustee substan­
tially in the form on file with the City Clerk and by this
reference made a part hereof.

"Refunding Trustee" shall mean Seattle-First National Bank
of Seattle, Washington, or any successor trustee.

"Term Bond Maturity Year" shall mean any calendar year or
years in which the Outstanding Parity Bonds, the Bonds or any
Future Parity Bonds of any one issue or series mature (regard­
less of reservation of prior redemption rights) in an amount
which is more than 1.25 times the average annual maturities of
the outstanding bonds of that issue or series for three calendar
years immediately preceding such calendar year or years.

"Water System" shall mean the existing water supply and
distribution system of the City as the same may be added to,
improved and extended at any time hereafter for as long as the
Outstanding Parity Bonds, the Bonds and any Future Parity Bonds
are outstanding, and which additions, improvements and exten­
sions shall include the sanitary sewerage system of the City
should it ever be combined with the water supply and distribution system in the manner authorized by law.

Section 2. Required Findings for Parity. The City Council finds that no deficiency exists in either the Principal and Interest Account or the Reserve Account of the Bond Fund; that the required coverage covenant is hereinafter contained; that provision is hereinafter made for the accumulation in the Reserve Account of the Bond Fund of the required reserve amount; and that Walter G. Ramsey of URS Company, an independent licensed professional engineer, or such other independent licensed professional engineer with similar qualifications, has certified or will certify prior to the delivery of the Bonds that the net revenues of the Water System will be sufficient to meet the 1.35 coverage requirement in Section 9 of Ordinance No. 1178 as evidenced by his certificate to such effect to be on file with the City Clerk, such certifying engineer having taken into consideration the fact that debt service payable out of the net revenues of the Water System for payment of the 1984 Bonds will cease upon the payment for and delivery of the Bonds.

Section 3. Authorization of Bonds. For the purpose of providing the money required to pay the principal of and interest on the 1984 Bonds as the same shall become due up to and including December 1, 1994, and on December 1, 1994, to call, pay and redeem all of the then outstanding 1984 Bonds at a price of 102% of par (the "Refunding Plan"), and to pay the costs of issuance and sale of the Bonds, the City shall issue the Bonds in the aggregate principal amount of $3,135,000. The Bonds shall be dated April 1, 1987; shall be in the denominations of $5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Bond Registrar 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 the years and amounts as follows:

<table>
<thead>
<tr>
<th>Years</th>
<th>Amount</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>$60,000</td>
<td>3.80%</td>
</tr>
<tr>
<td>1988</td>
<td>110,000</td>
<td>4.15%</td>
</tr>
<tr>
<td>1989</td>
<td>115,000</td>
<td>4.40%</td>
</tr>
<tr>
<td>1990</td>
<td>120,000</td>
<td>4.65%</td>
</tr>
<tr>
<td>1991</td>
<td>125,000</td>
<td>4.90%</td>
</tr>
<tr>
<td>1992</td>
<td>135,000</td>
<td>5.15%</td>
</tr>
<tr>
<td>1993</td>
<td>140,000</td>
<td>5.40%</td>
</tr>
<tr>
<td>1994</td>
<td>150,000</td>
<td>5.65%</td>
</tr>
<tr>
<td>1995</td>
<td>160,000</td>
<td>5.90%</td>
</tr>
<tr>
<td>1996</td>
<td>170,000</td>
<td>6.05%</td>
</tr>
<tr>
<td>1997</td>
<td>180,000</td>
<td>6.20%</td>
</tr>
<tr>
<td>1998</td>
<td>195,000</td>
<td>6.35%</td>
</tr>
<tr>
<td>1999</td>
<td>205,000</td>
<td>6.45%</td>
</tr>
<tr>
<td>2000</td>
<td>220,000</td>
<td>6.55%</td>
</tr>
<tr>
<td>2001</td>
<td>235,000</td>
<td>6.65%</td>
</tr>
<tr>
<td>2002</td>
<td>255,000</td>
<td>6.75%</td>
</tr>
<tr>
<td>2003</td>
<td>270,000</td>
<td>6.85%</td>
</tr>
<tr>
<td>2004</td>
<td>290,000</td>
<td>6.90%</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 Fund 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 on 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 amount and number of Bonds held by each owner.

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 checks or drafts 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 by a registered owner owning 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. The Bonds shall be payable solely out of the Bond Fund and shall not be general obligations of the City.

Upon surrender thereof to the Bond Registrar, 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 required to exchange or transfer any Bond during the fifteen days preceding any principal payment or redemption date.

Section 4. Optional Redemption of Bonds; Open Market Purchases. Bonds maturing in the years 1987 through 1997, 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, 1998, 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, 1997, 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, in installments of $5,000 or any integral multiple of $5,000, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at either of the principal offices 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 is actually 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 time 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, and to such other persons and with such additional information as the City Finance Director shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

The City further reserves the right to purchase any or all of the Bonds in the open market at a price not in excess of par plus accrued interest to the date of such purchase.
Section 5. Payments into, Application of Money in and Investments of Bond Fund; Authorization of Rebate Account. The Bond Fund has, by Ordinance No. 1178, been divided into a Principal and Interest Account and a Reserve Account. So long as any of the Bonds are outstanding against the Bond Fund, the City Finance Director shall set aside and pay into the Bond Fund, in addition to the amounts covenanted to be paid therein by the ordinances authorizing the issuance of the Outstanding Parity Bonds, out of the gross revenues of the Water System, a fixed amount, without regard to any fixed proportion, on or before the 20th day of each month as follows:

(a) There shall be paid into the Principal and Interest Account, beginning with the month of April, 1987, an amount equal to at least 1/8 of the amount of principal due on the Bonds on December 1, 1987, and thereafter an amount equal to at least 1/12 of the amount of principal due on the Bonds on the next principal payment date and, in addition, beginning with the month of April, 1987, an amount equal to at least 1/8 of the amount of interest due on December 1, 1987, and thereafter at least 1/6 of the interest to become due and payable on the next interest payment date on all of the Bonds outstanding.

(b) Immediately upon the delivery of the Bonds, $135,422 on deposit in the Reserve Account for the 1984 Bonds shall be credited to the required reserve for the Bonds. In addition, there shall be paid into the Reserve Account, in substantially equal monthly payments and to be accumulated in full by no later than December 1, 1989, an amount which, together with the money in the Reserve Account, will be at least equal to the maximum annual debt service on all then outstanding bonds payable from the Bond Fund but not less than the next year's debt service on all outstanding bonds payable out of the Bond Fund, and the City shall make additional payments into the Reserve Account if necessary so that there shall be on deposit therein at all times after such period an amount at least equal to the next succeeding year's debt service on all bonds payable out of the Bond Fund until there is a sufficient amount in the Principal and Interest Account and the Reserve Account to pay the principal of, call premium, if any, and interest on all bonds payable out of the Bond Fund outstanding, at which time the money in the Reserve Account may be used to pay such principal, call premium, if any, and interest.

In the event that there shall be a deficiency in the Principal and Interest Account to meet maturing installments of
either principal or interest, as the case may be, on, or the
mandatory redemption requirements of, any bonds payable out of
the Bond Fund, such deficiency shall be made up from the Reserve
Account by withdrawal of cash therefrom for that purpose. Any
deficiency created in the Reserve Account by reason of any such
withdrawals shall then be made up from the revenues of the Water
System first available after making necessary provisions for the
required payments into the Principal and Interest Account.

All money in the Reserve Account (i) may be kept in cash or
deposited in institutions permitted by law in an amount in each
institution not greater than the amount insured by any depart-
ment or agency of the United States Government, or (ii) may be
invested in any of the following investments, or (iii) may be
invested in other legal investments permitted to the City except
that, so long as the 1985 Refunding Bonds are outstanding, such
other legal investments must be approved by the insurer of those
1985 Refunding Bonds, having a guaranteed redemption price prior
to maturity or maturing not later than twelve years from the
date of purchase and, in no event, maturing later than the last
maturity of any bonds payable out of the Bond Fund outstanding
at the time of such purchase:

   (a) Bonds, notes and other evidences of direct
indebtedness of the United States of America and
securities unconditionally guaranteed as to the
payment of principal and interest by the United
States of America;

   (b) Obligations of the Federal National
Mortgage Association, the Federal Home Loan Mortgage
Corporation, the Government National Mortgage
Association, Federal Intermediate Credit Banks,
Federal Banks for Cooperatives, Federal Land Banks,
Federal Home Loan Banks, or Export-Import Bank of the
United States which are authorized investments for
City funds under the laws of the State of Washington;

   (c) Direct obligations of, or obligations
unconditionally guaranteed by, the State of
Washington, or of any municipal corporation of the
State of Washington, the obligations of which are
authorized investments for City funds under the laws
of the State of Washington and are rated Aa3 or
better by Moody's Investors Service, Inc., and AA- or better by Standard & Poor's Corporation;

(d) Deposits with a designated qualified public depository defined as such by the laws of the State of Washington, the deposits of which are insured by the Federal Deposit Insurance Corporation and which

(i) has an unsecured, uninsured and unguaranteed obligation rated Aa2 or better by Moody's Investors Service, Inc., or AA or better by Standard & Poor's Corporation; or

(ii) is the lead bank of a parent holding company with an unsecured and unguaranteed obligation rated Aa2 or better by Moody's Investors Service, Inc., and AA or better by Standard & Poor's Corporation; or

(iii) has combined capital, surplus and undivided profits of not less than $3,000,000, provided the principal plus interest to accrue over the term of the deposit is fully insured by the Federal Deposit Insurance Corporation or secured by investments described in (a), (b) and (c) above; and

(e) Deposits with any savings and loan institution operating under the laws of the State of Washington having combined capital, surplus and undivided profits of not less than $3,000,000, provided the principal plus interest to accrue over the term of deposit is fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or secured by investments described in (a), (b) and (c) above.

Interest earned on any such investment or on such bank deposit shall be deposited in and become part of the Reserve Account until the total required reserve amount shall have been accumulated therein, after which time such interest shall be deposited in the Principal and Interest Account.

All money in the Principal and Interest Account (i) may be kept in cash or deposited in institutions permitted by law in an amount in each institution not greater than the amount insured by any department or agency of the United States Government, or (ii) may be invested in any of the above investments, or (iii) may be invested in any other legal investments permitted to the City except that, so long as the 1985 Refunding Bonds are outstanding, such other legal investments must be approved by
the insurer of those 1985 Refunding Bonds, having a guaranteed redemption price prior to maturity or maturing not later than the date the funds are required for the payment of principal of and interest on the Bonds. Interest earned on any such investment or on such bank deposit shall accrue to the Principal and Interest Account.

The Finance Director of the City is authorized to establish a special fund or account for the purpose of complying with the covenants set forth in subsection 12(h) herein relating to arbitrage rebate requirements. All earnings from the investment of Bond proceeds, or money treated as Bond proceeds under the 1986 Code, including money in the Reserve Account and allocated to the Bonds, in excess of the earnings invested at the yield on the Bonds determined under the 1986 Code, shall be deposited in such fund or account, and any earnings therefrom shall be retained therein until required by the 1986 Code to be paid to the United States government or until it shall be determined that such money is not required to be so paid. Such fund or account shall be a trust fund established for the benefit of the United States government.

Section 6. Pledge of Revenues; Charge on Lien of Bonds.
The gross revenues of the Water System of the City are pledged to the payments as are required by this ordinance, and the Bonds shall constitute a charge or lien upon such revenues prior and superior to any other charges whatsoever, excluding charges for operation and maintenance, except that the charge or lien upon such gross revenues for the Bonds shall be on a parity with the charge or lien upon such gross revenues for the Outstanding Parity Bonds and for any Future Parity Bonds.

Section 7. Findings; Due Regard. In the judgment of the City Council the gross revenues and benefits to be derived from the operation and maintenance of the Water System at the rates
to be charged for water furnished on the entire utility will be more than sufficient to meet all expenses of operation and maintenance thereof and the debt service on the Outstanding Parity Bonds, and to permit the setting aside into the Bond Fund out of the gross revenues of the Water System of amounts sufficient to pay the interest on the Bonds as such interest becomes payable and to pay and redeem all of the Bonds at maturity. The City Council and corporate authorities of the City further declare that, in creating the Bond Fund and in fixing the amounts to be paid into the same as aforesaid, they have exercised due regard for the cost of operation and maintenance of the Water System and the debt service requirements of the Outstanding Parity Bonds, and the City has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the revenues of the Water System than in the judgment of the City Council will be available over and above such costs of operation and maintenance and debt service and mandatory redemption requirements of the Outstanding Parity Bonds and that no portion of the gross revenues of the Water System have been previously pledged for any indebtedness other than the Outstanding Parity Bonds.

Section 8. Disposition of Bonds Proceeds and Refunding Plan. The accrued interest, if any, received from the purchaser of the Bonds shall be deposited in the Principal and Interest Account of the Bond Fund. The principal proceeds of the sale of the Bonds shall be deposited immediately upon the receipt thereof with the Refunding Trustee to discharge the obligations of the City under Ordinance No. 2501 authorizing the 1984 Bonds by providing for the payment of the amounts required to be paid by the Refunding Plan and to pay the cost of issuance and sale of the Bonds. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous
purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with the beginning cash balance (which may be increased or decreased), for the payments required to be paid by the Refunding Plan.

The Acquired Obligations are more particularly described and are set forth in Schedule A attached to the Refunding Trust Agreement, but are subject to substitution as set forth below.

Prior to the purchase of any such Acquired Obligations, the City reserves the right to substitute other Government Obligations or obligations the principal of and interest on which are guaranteed unconditionally by the United States of America for any of the Acquired Obligations and to use any savings created thereby for any lawful City purpose if, (a) in the opinion of Roberts & Shefelman, the City's bond counsel, the interest on the Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148 and 149(d) of the 1986 Code and applicable regulations thereunder, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan.

After the purchase of the Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute therefor cash, Government Obligations or obligations the principal of and interest on which are guaranteed unconditionally by the United States of America, subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, making all required payments when due, that such substitution will not cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the 1986 Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue date of the Bonds, and that the City obtains, at its
expense: (1) an independent verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee concerning the adequacy of such substituted securities with respect to the principal thereof and the interest thereon and any other money or securities held for such purpose to carry out the Refunding Plan, making all required payments at the times provided; and (2) an opinion from Roberts & Shefelman, bond counsel to the City, its successor, or other nationally recognized bond counsel to the City to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to the Bonds, cause the interest on the Bonds or the 1984 Bonds not to be excluded from gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Bonds. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the City to be used for any lawful City purpose.

Section 9. Appointment and Duties of Refunding Trustee; Execution of Refunding Trust Agreement. Seattle-First National Bank of Seattle, Washington, is appointed as Refunding Trustee. The Refunding Trustee is authorized and directed to purchase the Acquired Obligations and to make the payments required to be made by the Refunding Plan from the Acquired Obligations and money deposited with the Refunding Trustee pursuant to Section 8 of this ordinance. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held, invested and applied in accordance with the
provisions of Ordinance No. 2501, this ordinance, Chapter 39.53 RCW and other applicable statutes of the State of Washington.

All necessary and proper fees, compensation and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the refunding of the 1984 Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, rating service fees, bond counsel's fees and other related expenses, shall be paid out of the proceeds of the Bonds.

In order to carry out the Refunding Plan provided for by this ordinance, the Mayor and City Clerk of the City are authorized and directed to execute a Refunding Trust Agreement substantially in the form on file with the City Clerk and by this reference made a part hereof setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption and retirement of the 1984 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.

Section 10. Call for Redemption of 1984 Bonds. The City calls for redemption on December 1, 1994, all of the outstanding 1984 Bonds at a price of 102% of par plus accrued interest to the date of such redemption.

Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The date on which the 1984 Bonds are herein called for redemption is the first date on which such bonds may be called at a premium of three percent or less.

The proper City officials are authorized and directed to give such notices as are required, at the times and in the manner required, pursuant to Ordinance No. 2501, in order to
effect the redemption prior to their maturity of the 1984 Bonds on December 1, 1994.

Section 11. Findings Regarding Refunding. The City Council finds and determines that the issuance and sale of the Bonds at this time will effect a saving to the City and its ratepayers and is in the best interest of the City and in the public interest. In making such finding and determination, the City Council has given consideration to the fixed maturities of the Bonds and the 1984 Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of sale of the Bonds used in the Refunding Plan pending payment and redemption of the 1984 Bonds.

The City Council further finds and determines that the money to be deposited with the Refunding Trustee for the 1984 Bonds in accordance with Section 8 of this ordinance will discharge and satisfy the obligations of the City under Ordinance No. 2501 with respect to the 1984 Bonds and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to the 1984 Bonds and that immediately upon the deposit of such money with the Refunding Trustee the 1984 Bonds no longer shall be deemed to be outstanding under such ordinance.

Section 12. Covenants. The City covenants and agrees with the owner of each Bond at any time outstanding, as follows:

(a) It will establish, maintain and collect such rates and charges for water service (and for sanitary sewage disposal service should the sanitary sewerage system of the City ever be combined with the Water System) so long as any Bonds are outstanding as will make available for the payment of the principal of and interest on the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds an amount equivalent to at least 1.35 times the average annual amount required for the payment of all principal of and interest on such bonds, for mandatory sinking fund payments, and for mandatory bond redemptions prior to maturity, exclusive of the principal requirement in
any Term Bond Maturity Year (unless the ordinance authorizing the issuance of any such bonds requires that the rate coverage obligation apply to the principal amount in a Term Bond Maturity Year), after necessary costs of operation and maintenance of the Water System shall have been paid, but before depreciation.

(b) It will at all times maintain and keep the Water System and all additions thereto and betterments, replacements and extensions thereof in good repair, working order and condition and also will at all times operate the Water System and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) It will not sell, lease, mortgage, or in any manner encumber or dispose of all of the property of the Water System unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all bonds payable from the Bond Fund at that time outstanding, and it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the property of the Water System unless provision is made for replacement thereof or for payment into the Bond Fund of the total amount of revenue received, which shall not be less than an amount which shall bear the same ratio to the amount of outstanding bonds payable from the Bond Fund as the revenue available for debt service for those outstanding bonds for the twelve months preceding such sale, lease, mortgage, encumbrance or disposal from the portion of the Water System sold, leased, mortgaged, encumbered or disposed of bears to the revenue available for debt service for such bonds from the entire Water System for the same period. Any money so paid into the Bond Fund shall be used to retire such outstanding bonds at the earliest possible date.

(d) It will, while any of the Bonds remain outstanding, keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to its Water System and it will furnish the original purchaser of the Bonds or any subsequent purchaser or owners thereof at the written request of such purchaser or owners, complete operating and income statements of the Water System in reasonable detail covering any calendar year not more than ninety days after the close of such calendar year. It will grant any owner or owners of at least twenty-five percent of the outstanding Bonds the right at all reasonable times to inspect the Water System and all records, accounts and data of the City relating thereto. Upon the request of any owner of any of the Bonds, it will furnish such owner a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington.
(e) It will not furnish any water (or any sanitary sewage disposal service should the sanitary sewerage system ever be combined with the Water System) to any customer whatsoever free of charge, and it will promptly take legal action to enforce the collection of all delinquent accounts.

(f) It will carry the types of insurance on its Water System properties in the amounts normally carried by private water companies engaged in the operation of water systems, and the cost of such insurance shall be considered a part of operating and maintaining the Water System. If, as, and when the United States of America or some agency thereof shall provide for war risk insurance, the City further agrees to take out and maintain such insurance on all or such portions of the Water System on which such war risk insurance may be written in an amount or amounts to cover adequately the value thereof.

(g) It will pay all costs of operation and maintenance of the Water System and the debt service requirements for the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds and otherwise meet the obligations of the City as herein set forth.

(h) It will take all actions necessary to prevent the interest on the Bonds from being included in gross income for federal income tax purposes and will neither take any action nor make or 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 interest on the Bonds to be included in gross income for federal income tax purposes. Further, 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 1986 Code and such applicable regulations. In the event it shall fail to meet the rebate requirements applicable to the Bonds under Section 148 of the 1986 Code, to the extent permitted by that Section, it shall pay the penalty provided in Subsection 148(f)(7)(C) if required to prevent a loss of the exclusion from gross income for federal tax purposes of the interest on the Bonds.

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

Section 13. Future Parity Bonds; Junior Lien Obligations.

The City covenants and agrees with the owner of each Bond
payable from the Bond Fund at that time outstanding that it will not issue any Future Parity Bonds unless it first shall satisfy the conditions set forth in Section 9 of Ordinance No. 1178, as amended by Section 10 of Ordinance No. 2118, which sections are by reference incorporated herein and made a part hereof and shall be applicable to the Bonds so long as any of the same are outstanding.

Nothing contained in this section shall prevent the City from issuing revenue bonds or warrants, the payment of the principal of and interest on which is a charge upon the gross revenues of the Water System junior and inferior to the payments required to be made out of such gross revenues into the Bond Fund.

Section 14. Application of Revenues. The gross revenues from the operation of the Water System shall be allocated as follows:

(a) To pay the necessary costs of operation and maintenance of the Water System;

(b) To make all required payments into the Bond Fund in amounts sufficient to pay principal and interest as the same shall become due on all bonds payable out of the Bond Fund;

(c) To make all payments required to be made into the Reserve Account in the Bond Fund;

(d) To make all payments required to be made into the bond redemption funds for any junior lien water revenue bonds hereafter issued;

(e) To make necessary additions, betterments and improvements and repairs to or extensions and replacements of the Water System, or for any other proper purposes connected with the operation of the Water System for which such money may be lawfully used; and

(f) To retire by redemption or purchase water revenue bonds of the City outstanding as authorized in various bond ordinances of the City.

Section 15. Form, Execution and Authentication of Bonds. 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, Water Revenue Refunding Bonds, 1987, 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 who shall have executed 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 issue 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 16. Registration of Bonds. 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 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 17. Negotiability of Bonds. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 18. Advance Refunding and Defeasance. In the event the City shall issue advance refunding bonds pursuant to the laws of the State of Washington, or have money available from any other lawful source, to pay the principal of and interest on the Bonds or such portion thereof included in that refunding plan as the same become due and payable and to refund all such then outstanding Bonds and to pay the costs of refunding, and shall have set aside irrevocably in a special fund for and pledged to such payment and refunding, money and/or
Government Obligations sufficient in amount, together with known earned income from the investments thereof, to make such payments and to accomplish the refunding as scheduled (hereinafter called the "trust account"), and irrevocably shall make provision for redemption of such Bonds, then in that case all right and interest of the owners of the Bonds to be so retired or refunded (hereinafter collectively called the "defeased Bonds") in the covenants of this ordinance, except with respect to the provisions of subsection 12(h) hereof, in the gross revenues of the Water System and in funds and accounts obligated to the payment of such Bonds, other than the right to receive the funds so set aside and pledged, thereupon shall cease and become void, except such owners shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account and, in the event the funds in the trust account are not available for such payment, shall have the residual right to receive payment of the principal of and interest on the defeased Bonds from the gross revenues of the Water System without any priority of lien or charge against such revenue or covenants with respect thereto except to be paid therefrom.

After the establishing and full funding of such trust account, 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, subject only to the rights of the owners of any other bonds then outstanding.

In the event that the refunding plan provides that the Bonds being refunded or the refunding bonds to be issued be secured by cash and/or Government Obligations pending the prior redemption of those Bonds being refunded and if such refunding plan also provides that certain cash and/or Government
Obligations are pledged irrevocably for the prior redemption of those Bonds included in that refunding plan, then only the debt service on the Bonds which are not defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of coverage for the issuance of Future Parity Bonds and the annual computation of coverage for determining compliance with the rate covenants.

Section 19. Sale and Delivery of Bonds. Shearson Lehman Brothers Inc., Foster & Marshall Division, of Seattle, Washington, has presented a purchase contract dated March 17, 1987 (the "Purchase Contract"), to the City offering to purchase the Bonds under the terms and conditions provided in the Purchase Contract and with the Refunding Trustee to subscribe on behalf of the City for the Acquired Obligations at the prices specified in Schedule A of the Refunding Trust Agreement (subject to substitution), which written Purchase Contract is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Purchase Contract is in the best interest of the City and its ratepayers and, therefore, accepts the offer contained in the Purchase Contract and authorizes its execution by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the 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 shall not be required to review 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 proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the purchaser, including without limitation the execution of the Official Statement on behalf of the City, and for the proper application and use of the proceeds of the sale thereof.

Section 20. Temporary Bond. 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 the Bonds. Such temporary Bond shall bear the same date of issuance, interest rates, principal payment dates and terms and covenants as the definitive Bonds, 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, executed and available for delivery.

Section 21. Severability. In the event that any one or more of the provisions contained in this ordinance shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this ordinance, but this ordinance shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.
Section 22. Effective Date. 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:

DAN KELLEHER, MAYOR

MARIE JENSEN, CITY CLERK

APPROVED AS TO FORM:

SANDRA DRISCOLL, CITY ATTORNEY

Passed the 17th day of March, 1987.
Approved the 18th day of March, 1987.
Published the 23rd day of March, 1987.

I certify this is a true copy of Ordinance No. 2713 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

(SEAL)

MARIE JENSEN, CITY CLERK

1782k