AN ORDINANCE of the City of Kent, Washington, amending and making technical corrections to Ordinance No. 2790 providing for the issuance of the Golf Complex Revenue Bonds, 1988, of the City.

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

Section 1. Section 1 of Ordinance No. 2790 is amended to read as follows:

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

"Annual Debt Service" for the applicable issue or series of Bonds and Future Parity Bonds for any calendar year shall mean all interest plus all principal (except principal of Term Bonds due in any Term Bond Maturity Year) due in that year, and plus all mandatory redemption or sinking fund requirements for Term Bonds due in that year, less all bond interest payable from the proceeds of any such Bonds or Future Parity Bonds in that year.

"Average Annual Debt Service" shall mean, as of any calculation date, the sum of the Annual Debt Service for the remaining calendar years to the last scheduled maturity of the applicable issue or series of Bonds and Future Parity Bonds divided by the number of those years.

"Bond Fund" shall mean the Golf Complex Revenue Bond Fund, 1988, created by Section 8 of this ordinance for the purpose of paying and securing the principal of and interest on the Bonds and any Future Parity Bonds.

"Bond Registrar" shall mean the fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York, as the same may be designated from time to time.
"Bonds" shall mean the $5,285,000 principal amount of Golf Complex Revenue Bonds, 1988, authorized by this ordinance to be issued, sold and delivered.

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

"Code" shall mean the United States Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

"Construction Fund" shall mean the Golf Complex Construction Fund, 1988, created by Section 19 of this ordinance.

"Coverage Requirement" shall mean, in any calendar year, Net Revenue of the Golf Complex at least equal to the Annual Debt Service for that year on all outstanding Bonds and Future Parity Bonds, less investment earnings in the Reserve Account after the period of construction of the 18-hole regulation municipal golf course and if the Reserve Account is fully funded, times 1.35.

"Future Parity Bonds" shall mean any and all revenue bonds of the City issued after the date of the issuance of the Bonds pursuant to the provisions of Section 15 of this ordinance, the payment of the principal of and interest on which constitutes a lien and charge upon the Gross Revenue of the Golf Complex on a parity with the lien and charge of the Bonds.

"Golf Complex" shall mean the City's existing 9-hole, par 3 golf course, driving range and mini-putt course, the 18-hole regulation municipal golf course to be constructed with Bond proceeds and other City funds, all golf related buildings, facilities and equipment, and any other golf recreational facilities which hereafter may be acquired, constructed or combined lawfully with the existing facilities, together with all additions thereto and betterments and extensions thereof at any time made or constructed.
"Government Obligations" shall mean direct obligations of the United States of America.

"Gross Revenue of the Golf Complex" or "Gross Revenue" shall mean all the earnings and revenue received by the Golf Complex from any source whatsoever, except general ad valorem taxes, grants from state, federal or local governments, earnings in any refunded or defeased bond escrow account or fund, earnings rebatable or estimated to be rebatable to the federal government under Section 148(f) of the Code, gifts to the Golf Complex for capital purposes, proceeds from the sale of City property, and original proceeds of City or Golf Complex obligations.

"Maximum Annual Debt Service" shall mean, as of any calculation date, the maximum amount of Annual Debt Service which shall mature or come due in the current calendar year or any future calendar year.

"Net Revenue of the Golf Complex" or "Net Revenue" shall mean Gross Revenue of the Golf Complex less that part of Gross Revenue spent on the Operating and Maintenance Expenses for the year of calculation.

"Operating and Maintenance Expenses" shall mean all reasonable expenses incurred by the City in causing the Golf Complex to be operated and maintained in good repair, working order and condition, including, without limitation, payments (other than payments out of proceeds of the Bonds or Future Parity Bonds) of premiums for insurance on the Golf Complex, any State- or City-imposed taxes or payments in lieu of taxes, but excluding depreciation and amortization.

"Permitted Investments" shall mean any legal investments permitted by law to the City.

"Principal and Interest Account" shall mean the account of that name created in the Bond Fund by Section 8 of
this ordinance for the payment of the principal of and interest on the Bonds and any Future Parity Bonds.

"Reserve Account" shall mean the account of that name created in the Bond Fund by Section 8 of this ordinance for the purpose of securing the payment of the principal of and interest on the Bonds and any Future Parity Bonds.

"Reserve Account Instrument" shall mean, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit and other devices, to satisfy all or part of the Reserve Requirement in lieu of cash or investments.

"Reserve Requirement" shall mean:

1. For the Bonds, \((\$528,500) \times \frac{1}{20} \times 0.029 \) from the proceeds of the Bonds, which amount does not exceed the least of (a) 10% of the proceeds of the Bonds, (b) Maximum Annual Debt Service on the Bonds calculated as of the date of delivery of the Bonds or (c) 125% of the Average Annual Debt Service on the Bonds calculated as of the date of delivery of the Bonds; and

2. For any issue of Future Parity Bonds, an amount which, together with the balance in the Reserve Account, does not exceed the least of (a) 10% of the proceeds of the Bonds, any then outstanding Future Parity Bonds and such issue of Future Parity Bonds, (b) Maximum Annual Debt Service on the Bonds, any then outstanding Future Parity Bonds and such issue of Future Parity Bonds as of the calculation date or (c) 125% of the Average Annual Debt Service on the Bonds, any then outstanding Future Parity Bonds and such issue of Future Parity Bonds as of the calculation date.

3. Notwithstanding paragraphs (1) and (2) above, the deposit to be made into the Reserve Account, and the Reserve Requirement, shall each be decreased for the Bonds or any issue of Future Parity Bonds when and to the extent that the City has provided for a Reserve Account Instrument to secure the payment of the principal of and interest on the Bonds or such Future Parity Bonds. The amount payable under any Reserve Account Instrument shall satisfy that amount of the Reserve Requirement for the Bonds or such an issue of Future Parity Bonds.
Such amount shall be accumulated within five years of the date of issuance of the proposed Future Parity Bonds and, to the extent it is not capitalized from the proceeds of such Future Parity Bonds, shall be deposited in approximately equal annual payments commencing one year after the date of issuance of such Future Parity Bonds.

"Revenue Fund" shall mean the Golf Course Enterprise Fund created by Ordinance No. 2279 of the City, as amended.

"Tax Revenue Account" shall mean the account of that name created in the Revenue Fund by Section 16 of this ordinance.

"Term Bond Maturity Year" shall mean any year in which Term Bonds are scheduled to mature.

"Term Bonds" shall mean the Bonds maturing in 2008 and any Future Parity Bonds of any single issue or series designated as Term Bonds in the ordinance authorizing their issuance or sale.

Section 2. Ordinance No. 2790 shall be amended to add a new Section 24 as follows:

Section 24. Designation of Bonds as "Qualified Tax-Exempt Obligations."

The City has determined and certifies that (a) the Bonds are not "private activity bonds" within the meaning of Section 141 of the United States Internal Revenue Code of 1986, as amended (the "Code"); (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which the City and any entity subordinate to the City (including any entity which the City controls, which derives its authority to issue tax-exempt obligations from the City or which issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Bonds are issued will not exceed $10,000,000; and (c) the amount of tax-exempt obligations, including the Bonds, designated by the City as "qualified tax-exempt obligations" for the purposes of
Section 265(b)(3) of the Code during the calendar year in which
the Bonds are issued does not exceed $10,000,000. The City
designates the Bonds as "qualified tax-exempt obligations" for
the purposes of Section 265(b)(3) of the Code.

Section 3. All actions taken by the City prior to the
effective date of this ordinance and consistent with the
provisions of this ordinance are ratified and confirmed.

Section 4. This ordinance shall take effect and be in
force five (5) days from and after its passage, approval and
publication as provided by law.

DAN KELLEHER, MAYOR

ATTEST:

MARIE JENSEN, CITY CLERK

APPROVED AS TO FORM:

SANDRA DRISCOLL
CITY ATTORNEY

PASSED the 2 day of Aug., 1988.
APPROVED the 3 day of Aug., 1988.
PUBLISHED the 5 day of Aug., 1988.

I hereby certify that this is a true and correct copy of
Ordinance No. 2793 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
(Seal)