AN ORDINANCE of the City of Kent, Washington, relating to Local Improvement District No. 330; fixing the amount, form, date, interest rates, maturity and denominations of the Local Improvement District No. 330 Bonds; creating a reserve fund to secure further the payment of those bonds; authorizing the refunding to certain owners of property of a portion of their prepaid assessments and the crediting to certain other owners of property of a portion of the reserve fund and earnings thereon under certain conditions; fixing the interest rate on local improvement district assessment installments; and providing for the sale and delivery of those bonds to Lehman Brothers in Seattle, Washington.

WHEREAS, the City Council of the City of Kent, Washington (the "City"), created Local Improvement District No. 330 for various purposes pursuant to Ordinance No. 2866, passed on August 1, 1989; and

WHEREAS, RCW 35.51.040 authorizes the creation of a reserve fund in an amount not exceeding fifteen percent of the principal amount of the bonds issued for a local improvement district for the purpose of securing the payment of principal of and interest on that issue of local improvement bonds; and

WHEREAS, RCW 35.51.040 requires the crediting to prepaid assessments and nondelinquent payments of installments of principal of assessments, and to nondelinquent payments of installments of interest on assessments, of allocable amounts assessed to create the reserve fund and of earnings thereon, respectively; and

WHEREAS, by Ordinance No. 2925, passed on June 5, 1990, the City Council of the City approved and confirmed the final assessment roll for Local Improvement District No. 330 in the total amount of $4,869,549.16; and
WHEREAS, ten percent of the final assessment roll for Local Improvement District No. 330 is for the purpose of creating a reserve fund for the bonds to be issued to finance the improvements within that local improvement district; and

WHEREAS, prepayments of assessments within Local Improvement District No. 330 without penalty, interest or cost could have been made within the thirty-day period from the date of the first publication of the notice of collection, which prepayment period expired on July 20, 1990; and

WHEREAS, during that thirty-day prepayment period the City received $835,816.81 in prepaid assessments; and

WHEREAS, assessments remaining unpaid at the expiration of the thirty-day prepayment period for Local Improvement District No. 330 are payable in fifteen equal annual installments, with interest; NOW, THEREFORE,

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

Section 1. Description of Bonds. The total amount of the assessment roll in Local Improvement District No. 330 created under Ordinance No. 2866, passed August 1, 1989, was $4,869,549.16. The thirty-day period for making cash payments of assessments without interest in the District expired on July 20, 1990, and the total amount of assessments paid in cash was $835,816.81, leaving a balance of assessments unpaid on the assessment roll of $4,033,732.35. Local Improvement District No. 330 Bonds (the "Bonds") shall, therefore, be issued in the total principal amount of $4,033,732.35.

The Bonds shall be dated September 1, 1990, shall mature on September 1, 2007, and shall be numbered from 1 to 807, inclusive, 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 the purpose of identification. Bond No. 1 shall be in the denomination of $3,732.35 and Bonds Nos. 2 to 807, inclusive, shall be in the denomination of $5,000.00 each. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall bear interest at the rates set forth below, payable annually beginning September 1, 1991:

<table>
<thead>
<tr>
<th>Bond Numbers (Inclusive)</th>
<th>Amounts</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- 61</td>
<td>$303,732.35</td>
<td>6.300%</td>
</tr>
<tr>
<td>62-121</td>
<td>300,000.00</td>
<td>6.500%</td>
</tr>
<tr>
<td>122-181</td>
<td>300,000.00</td>
<td>6.700%</td>
</tr>
<tr>
<td>182-240</td>
<td>295,000.00</td>
<td>6.800%</td>
</tr>
<tr>
<td>241-296</td>
<td>280,000.00</td>
<td>6.900%</td>
</tr>
<tr>
<td>297-351</td>
<td>275,000.00</td>
<td>7.000%</td>
</tr>
<tr>
<td>352-405</td>
<td>270,000.00</td>
<td>7.100%</td>
</tr>
<tr>
<td>406-458</td>
<td>$265,000.00</td>
<td>7.200%</td>
</tr>
<tr>
<td>459-510</td>
<td>260,000.00</td>
<td>7.300%</td>
</tr>
<tr>
<td>511-561</td>
<td>255,000.00</td>
<td>7.400%</td>
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<tr>
<td>562-612</td>
<td>255,000.00</td>
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</tr>
<tr>
<td>613-662</td>
<td>250,000.00</td>
<td>7.600%</td>
</tr>
<tr>
<td>663-711</td>
<td>245,000.00</td>
<td>7.625%</td>
</tr>
<tr>
<td>712-759</td>
<td>240,000.00</td>
<td>7.625%</td>
</tr>
<tr>
<td>760-807</td>
<td>240,000.00</td>
<td>7.625%</td>
</tr>
</tbody>
</table>

Section 2. Registration and Transfer of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and recorded on books or 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 each of the Bonds held by each owner.

Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. The transfer of a Bond shall be by the Bond Registrar's receiving the Bond to be transferred, cancelling it and issuing a new certificate in the form of the Bonds to the transferee after registering the name and address of the transferee on the Bond Register. The new certificate shall bear the same Bond number.
as the transferred Bond but may have a different inventory reference number or control number. Any transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to transfer any Bond during the fifteen days preceding any principal payment or redemption date.

Section 3. Payment of Bonds. Both principal of and interest on the Bonds shall be payable solely out of the Local Improvement Fund, District No. 330 (the "Bond Fund"), created by Section 7 of Ordinance No. 2866, including the Reserve Account created therein by Section 4 of this ordinance, and from the Local Improvement Guaranty Fund of the City. 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 by the Bond Registrar on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date. Principal of the Bonds shall be payable on presentation and surrender of the Bonds by the registered owners at either of the principal offices of the Bond Registrar at the option of the owners.

Section 4. Creation and Application of Reserve Account. There is created in the Bond Fund an account to be designated the Reserve Account. There shall be deposited into the Reserve Account upon the issuance and delivery of the Bonds the amount of $403,373.23 from Bond proceeds, that amount being ten percent of the principal amount of the Bonds.

Money on deposit in the Reserve Account may be invested in United States Treasury Certificates of Indebtedness - State and Local Government Series ("SLGS"). Investments of money in the Reserve Account shall mature annually, after the installment payment period for assessments and prior to the principal and
interest payment date on the Bonds.

Prior to each annual principal and interest payment date on the Bonds, the City shall withdraw from earnings on the Reserve Account for deposit into a separate fund or account the amount it considers necessary to pay any federal tax or rebate requirement on the Bonds (the "Rebate Amount"). The City does not anticipate that a separate fund or account for a Rebate Amount will be necessary since it intends to invest the Reserve Account in SLGS. All interest earned on investments of money in the Reserve Account in excess of any Rebate Amount shall be transferred to the Bond Fund to pay principal of and interest on the Bonds.

Because the principal amount of the Reserve Account will equal ten percent of the principal amount of outstanding assessments, the City intends to bill the owners of property annually at 90% of the total principal and interest installment due on their assessments. Following each annual installment payment date on assessments and on or before each annual principal and interest payment date on the Bonds, the City shall withdraw from the Reserve Account an amount equal to:

1. 100% of principal installments on assessments that were not paid by the annual installment payment date for assessments, plus

2. 10% of principal installments on assessments that were paid in amounts billed by the annual installment payment date for assessments, plus

3. all interest earned on deposits in the Reserve Account, less

4. 90% of principal installments that were delinquent in previous years and that have been received by the City within the last year.
The money so withdrawn shall be transferred to the Bond Fund and applied by the City to pay principal of and interest on the Bonds on their annual payment date.

In accordance with RCW 35.51.040, owners of property for which installment payments of principal of and interest on assessments are delinquent shall not be credited with proportionate shares of principal amounts on deposit or with interest earnings on the Reserve Account when those delinquencies are paid, and those owners shall be required to pay an amount equal to (a) the net impact of a 100% billing, plus (b) interest on their delinquent installment payments at the rate set forth in Section 15, plus (c) a penalty of 9% as set forth in Section 3 of Ordinance No. 2925 of the City.

Subsequent payments received from property owners whose previous installment payments of assessments were delinquent shall be applied first to the penalty, then to the interest on their assessments, and last to the principal of their assessments.

The City covenants and agrees to apply the Reserve Account to the payment of principal of and interest on the Bonds as described herein.

When the Bonds and the corresponding assessments are no longer outstanding, any balance remaining in the Reserve Account shall be transferred to the Guaranty Fund.

Section 5. Crediting and Refunds to Owners of Property for Which Assessments Were Prepaid. $835,816.81 total amount of assessments in Local Improvement District No. 330 were paid in cash during the thirty-day period for making those payments without interest. The owners of the property for which those assessments were prepaid shall be credited against those prepayments with, and the City shall refund to them, ten percent of the principal amount of their prepayments.
Section 6. Finding Regarding Reserve Account. The City Council finds and determines that the principal amount of Bonds to be outstanding at any time hereafter shall not exceed the principal amount of assessments to then be outstanding.

Section 7. Construction Fund; Deposit of Prepaid Assessments and Bond Proceeds. There previously has been created within the City the 64th Avenue Construction Fund (LID No. 330) (the "Construction Fund") for the purpose of paying the cost and expense of the improvements within Local Improvement District No. 330. For the purpose of paying part of that cost and expense, pending the receipt of special assessments and the proceeds of the issuance and sale of the Bonds, the City has made interfund loans to the Construction Fund from the General Fund, the Water Fund and the Sewerage Fund of the City in the maximum aggregate amount of $670,000 (the "Interfund Loans"). Those Interfund Loans have been repaid from prepaid special assessments at a variable interest rate, adjusted the first and fifteenth day of each month, equal to the interest rate of the State of Washington Local Government Investment Pool on the first and fifteenth day of each month. The initial interest rate on the date of each of the Interfund Loans was determined as of the last preceding interest payment adjustment date. The City Council ratifies and confirms those Interfund Loans.

The balance of the proceeds of the prepaid special assessments in Local Improvement District No. 330, after the repayment of the Interfund Loans as described above and after the credits and refunds authorized by Section 5 to the owners of property for which those assessments were prepaid, shall be deposited in the Construction Fund.

Upon receipt, (a) the accrued interest received on the Bonds shall be deposited in the Bond Fund, (b) a portion of the
proceeds of the Bonds shall be deposited in the Reserve Account pursuant to Section 4, and (c) the balance shall be deposited in the Construction Fund and used to pay the cost and expense of the improvements within Local Improvement District No. 330 and the costs of issuance and sale of the Bonds.

Section 8. Optional Redemption of Bonds. The City shall redeem the Bonds prior to their stated maturity date on any interest payment date, in numerical order, lowest numbers first, at par plus accrued interest to the date fixed for redemption, whenever there is sufficient money in the Bond Fund to pay the Bonds so called and all earlier numbered Bonds over the above the amount required for the payment of the interest on all unpaid Bonds.

All Bonds redeemed under this section shall be cancelled.

Section 9. Notice of Redemption. The City shall cause notice of any intended redemption of Bonds to be given not less than 15 nor more than 30 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 at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds so called are not redeemed when presented pursuant to the call. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to Lehman Brothers Division of Shearson Lehman Brothers Inc. ("Lehman Brothers") at its principal office in Seattle, Washington, or its successors, and to such other persons and with such additional information
as the City Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

Section 10. Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the registered owner of that Bond.

Section 11. Form and Execution of Bonds. The Bonds shall be printed, lithographed or typed on good bond paper in a form consistent with the provisions of this ordinance and State law, shall be signed by the Mayor and the City Clerk, either or both of whose signatures shall be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing 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, Local Improvement District No. 330 Bonds described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By
Authorized Officer

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

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the City authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City, those Bonds nevertheless may be authenticated, delivered and issued and, when authenticated, delivered and issued, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 12. Bond Registrar. 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 in accordance with the provisions of the 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 of 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 14. Preservation of Tax Exemption for Interest on Bonds. The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income of registered owners for federal income tax purposes. The City also covenants that, if all gross proceeds of the Bonds have not been spent within certain periods prescribed by the United States Internal Revenue Code of 1986, as amended (the "Code"), it will calculate, or cause to be calculated, and rebate to the United States all earnings from the investment of gross proceeds of the Bonds that are in excess of the amount that would have been earned had the yield on those investments been equal to the yield on the Bonds, plus all income derived from those excess earnings, to the extent and in the manner required by Section 148 of the Code and applicable regulations. If the City fails to meet rebate requirements applicable to the Bonds under Section 148 of the Code, the City covenants that, to the extent permitted by that Section, it will pay the penalty provided in Subsection 148(f)(7)(C) if required to prevent interest on the Bonds from being included in gross income of registered owners for federal income tax purposes. The City certifies that 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 15. Interest Rate on Assessments. The interest
rate on the installments and delinquent payments of the special
assessments in Local Improvement District No. 330 is revised and
fixed at the rate of 7.85% per annum.

Section 16. Approval of Bond Purchase Contract. Lehman
Brothers of Seattle, Washington, has presented a purchase
contract (the "Bond Purchase Contract") to the City offering to
purchase the Bonds under the terms and conditions provided in
the Bond Purchase Contract, which written Bond Purchase Contract
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 its
execution 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 Foster Pepper &
Shefelman, municipal bond counsel of Seattle, Washington,
regarding 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 City Council has been provided with copies of a
preliminary official statement dated August 20, 1990 (the
"Preliminary Official Statement"), prepared in connection with
the sale of the Bonds. For the sole purpose of the purchaser's
compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), the City "deems final" that Preliminary Official Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, delivery date, rating and other terms of the Bonds dependent on such matters.

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 17. 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.

DAN KELLEHER, Mayor

ATTEST:

BRENDA JACOBER, DEPUTY CITY CLERK

APPROVED AS TO FORM:

Special Counsel and Bond Counsel for the City

Passed the 4th day of Sept., 1990.
Approved the 5th day of Sept., 1990.
Published the 7th day of Sept., 1990.

I certify that this is a true copy of Ordinance No. 2943 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

BRENDA JACOBER, DEPUTY CITY CLERK