CITY OF KENT, WASHINGTON

ORDINANCE NO. 2948

AN ORDINANCE of the City of Kent, Washington, relating to contracting indebtedness; providing for the issuance, specifying the maturities, interest rates, terms and covenants of $6,700,000 par value of Unlimited Tax General Obligation Bonds, 1990, authorized by the qualified voters of the City at a special election held therein pursuant to Ordinance No.2875; establishing a bond redemption fund and a construction fund; and approving the sale and providing for the delivery of the bonds to Lehman Brothers Division of Shearson Lehman Brothers Inc. of Seattle, Washington.

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

Section 1. Findings: Housing Cooperation Agreement. The City Council of the City of Kent, Washington (the "City"), finds that there exists a critical shortage of housing and related facilities in the City for low-income senior citizens and that existing sources of funds to make capital expenditures to provide that housing and those related facilities, including funds from the Housing Authority of King County, federal grants and housing assistance programs, are insufficient to meet fully the existing and projected need for that housing and those related facilities. The City Council further finds that it is in the best interests of the City to aid and cooperate with the Housing Authority of King County in the planning, designing, acquiring, developing, constructing, rehabilitating and
equipping of housing, together with related facilities, in the City for low-income senior citizens (the "Project") and to administer the proceeds of the bonds authorized by the qualified voters of the City and this ordinance in accordance with an agreement to be entered into for that purpose between the City and the Housing Authority of King County (the "Housing Cooperation Agreement"). Upon its availability in final form, the Housing Cooperation Agreement shall be approved by ordinance of the City Council and its execution by appropriate City officials shall be authorized.

Section 2. Authorization of Bonds Pursuant to Election. The City shall issue and sell the total $6,700,000 par value of negotiable general obligation bonds authorized by the qualified voters of the City at a special election held on February 6, 1990, pursuant to Ordinance No. 2875 passed November 21, 1989, for the purpose of paying part of the cost of the Project, in cooperation with the Housing Authority of King County and in accordance with the Housing Cooperation Agreement, and the costs of issuance of the bonds.

Section 3. Description of Bonds. The bonds shall be called Unlimited Tax General Obligation Bonds, 1990, of the City (the "Bonds"); shall be in the aggregate principal amount of $6,700,000; shall be dated November 1, 1990; shall be in the denomination 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 (collectively, the fiscal agencies of the State of Washington located in Seattle, Washington, and New York, New York) deems necessary for purposes of identification; shall bear interest at the rates set forth below (computed on the basis of a 360-day year of twelve 30-day months), payable on June 1, 1991, and semiannually thereafter on each succeeding December 1 and June 1; and shall mature on December 1 in years and amounts and bear interest at the rates as follows:

<table>
<thead>
<tr>
<th>Maturity Years</th>
<th>Amounts</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>$130,000</td>
<td>11.00%</td>
</tr>
<tr>
<td>1992</td>
<td>185,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>1993</td>
<td>200,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>1994</td>
<td>220,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>1995</td>
<td>235,000</td>
<td>9.00%</td>
</tr>
<tr>
<td>1996</td>
<td>250,000</td>
<td>6.40%</td>
</tr>
<tr>
<td>1997</td>
<td>270,000</td>
<td>6.50%</td>
</tr>
<tr>
<td>1998</td>
<td>290,000</td>
<td>6.60%</td>
</tr>
<tr>
<td>1999</td>
<td>310,000</td>
<td>6.70%</td>
</tr>
<tr>
<td>2000</td>
<td>330,000</td>
<td>6.80%</td>
</tr>
<tr>
<td>2001</td>
<td>355,000</td>
<td>6.90%</td>
</tr>
<tr>
<td>2002</td>
<td>380,000</td>
<td>7.00%</td>
</tr>
<tr>
<td>2003</td>
<td>405,000</td>
<td>7.10%</td>
</tr>
<tr>
<td>2004</td>
<td>435,000</td>
<td>7.15%</td>
</tr>
<tr>
<td>**</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>2009</td>
<td>2,705,000</td>
<td>7.30%</td>
</tr>
</tbody>
</table>

The life of the capital facilities to be acquired with the proceeds of the Bonds exceeds 20 years.

Section 4. Registration; Initial Immobilization of Bonds; Depository Provisions; and Transfer of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and be 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.

The Bonds initially shall be held in fully immobilized form by The Depository Trust Company ("DTC"), New York, New York, acting as depository pursuant to the terms and conditions set forth in the Letter of Representations on file with the City Clerk and incorporated herein by this reference. To induce DTC to accept the Bonds as eligible for deposit at DTC, the Finance Director is authorized to execute the Letter of Representations with such changes as hereafter may be approved by him, and such approval shall be conclusively presumed by the Finance Director's execution thereof. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal or redemption price of or interest on the Bonds, or any notice which is permitted or required to be given to registered owners under this ordinance (except such notice as is required to be given by the City to the Bond Registrar or to DTC).

The Bonds initially shall be issued in denominations equal to the aggregate principal amount of each maturity and initially
shall be registered in the name of CEDE & CO., as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as depository. For so long as any Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominees and shall not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the City pursuant to this section or such substitute depository's successor; or (iii) to any person as provided if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the City that it is no longer in the best interests of beneficial owners of the Bonds to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the City may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.
In the case of any transfer pursuant to clause (i) or (ii) of the third paragraph of this section, the Bond Registrar, upon receipt of all outstanding Bonds together with a written request on behalf of the City, shall issue a single new Bond for each maturity of Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the City.

In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain Bond certificates, the ownership of Bonds may be transferred to any person as herein provided, and the Bonds shall no longer be held in fully immobilized form. The City shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt of all then outstanding Bonds by the Bond Registrar, together with a written request on behalf of the City to the Bond Registrar, new Bonds shall be issued in such denominations and registered in the names of such persons as are requested in such a written request. Upon surrender thereof to the Bond Registrar, Bonds are interchangeable for Bonds in any authorized denomination of an
equal aggregate principal amount and of the same maturity and interest rate. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the fifteen days preceding any principal payment or redemption date.

Section 5. Place, Manner and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as outstanding Bonds are registered in the name of CEDE & CO., or its registered assigns, as nominee of DTC, payments of principal of and interest on the Bonds shall be made in next day funds on the date such payment is due and payable at the place and in the manner provided in the Letter of Representations.

When the Bonds are no longer immobilized by DTC, interest on the Bonds shall be paid by checks or drafts mailed 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 upon 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 6. Optional Redemption; Mandatory Redemption; and Open Market Purchase of Bonds. Bonds maturing in the years 1991
through 2000, inclusive, shall be issued without the right or option of the City to redeem those Bonds prior to their stated maturity dates. The City reserves the right and option to redeem the Bonds maturing on or after December 1, 2001, prior to their stated maturity dates, on December 1, 2000, or thereafter, as a whole at any time or in part on any interest payment date within those maturities selected by the City (and by lot within a maturity in such manner as the Bond Registrar shall determine), at par plus accrued interest to the date fixed for redemption.

Bonds maturing in 2009 are Term Bonds and, if not redeemed under the optional redemption provisions set forth above or purchased in the open market under the provisions set forth below, shall be called for redemption by lot (in such manner as the Bond Registrar shall determine) at par plus accrued interest on December 1 in years and amounts as follows:

<table>
<thead>
<tr>
<th>Mandatory Redemption Years</th>
<th>Mandatory Redemption Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$470,000</td>
</tr>
<tr>
<td>2006</td>
<td>500,000</td>
</tr>
<tr>
<td>2007</td>
<td>540,000</td>
</tr>
<tr>
<td>2008</td>
<td>575,000</td>
</tr>
<tr>
<td>2009</td>
<td>620,000 (maturity)</td>
</tr>
</tbody>
</table>

In the event that the City shall redeem Term Bonds under the optional redemption provisions set forth above or purchase Term Bonds in the open market as set forth below, the Term Bonds so redeemed or purchased (irrespective of their redemption or
purchase price) shall be credited at the par amount thereof against the next mandatory redemption requirement for those Term Bonds which is at least 60 days after the date of that redemption or purchase.

Portions of the principal amount of any Bond, in installments of $5,000 or any integral multiple thereof, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that 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 the same maturity and interest rate in any of the denominations authorized by this ordinance in the aggregate total principal amount remaining unredeemed.

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

All Bonds purchased or redeemed under this section shall be cancelled.

Section 7. Notice of Redemption. The City shall cause notice of any intended redemption of Bonds to 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 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 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 Moody's Investors Service, Inc., and Standard & Poor's Corporation at their offices in New York, New York, or their successors, to Lehman Brothers Division of Shearson Lehman Brothers Inc. ("Lehman Brothers") at its principal office in Seattle, Washington, or its successor, 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 8. 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 redemption fund hereinafter created and the Bond has been called for payment by giving notice of that call to the registered owner of that unpaid Bond.
Section 9. Pledge of Taxes. For as long as any of the Bonds are outstanding, the City irrevocably pledges to levy taxes annually without limitation as to rate or amount on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 10. Form and Execution of Bonds. The Bonds shall be printed, lithographed or typewritten 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, either or both of whose signatures may 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 signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This bond is one of the fully registered City of Kent, Washington, Unlimited Tax General Obligation Bonds, 1990, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By ________________________________
Authorized Officer

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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, issued and delivered, 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 11. 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 or exchanged 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 City Ordinance No. 2418 establishing a system of registration for the City's bonds and obligations.

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

Section 12. 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 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 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 14. Advance Refunding or Defeasance of the Bonds. The City may issue advance refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the refunding or
defeasance. If money and/or direct obligations of the United States of America maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund irrevocably pledged to that redemption and retirement of defeased Bonds (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The defeased Bonds shall be deemed no longer outstanding, and the City may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

Section 15. Bond Fund: Construction Fund. There is created and established in the office of the City Finance Director a special fund designated as the Unlimited Tax General Obligation Bond Fund, 1990 (the "Bond Fund"). Accrued interest on the Bonds, if any, received from the sale and delivery of the Bonds shall be paid into the Bond Fund. All taxes collected for and allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

There also is created and established in the office of the
City Finance Director a special fund designated as the Senior Citizen Housing Construction Fund, 1990 (the "Construction Fund"). The principal proceeds received from the sale and delivery of the Bonds shall be paid into the Construction Fund and used for the purposes specified in Section 2 of this ordinance. Until needed to pay the costs of the Project and costs of issuance of the Bonds, the City may invest principal proceeds temporarily in any legal investment, and the investment earnings may be retained in the Construction Fund and be spent for the purposes of that fund except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Construction Fund and used for those tax or rebate purposes.

Section 16. Approval of Bond Purchase Contract. Lehman Brothers of Seattle, Washington, has presented a bond purchase contract dated November 6, 1990 (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 prepared at City expense and will be delivered to DTC on behalf of Lehman Brothers upon payment therefor 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. 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
Lehman Brothers, including execution of the final official
statement, and for the proper application and use of the
proceeds of the sale thereof.

Section 17. Preliminary Official Statement "Deemed
Final". The City Council has been provided with copies of a
preliminary official statement dated October 26, 1990 (the
"Preliminary Official Statement"), prepared in connection with
the sale of the Bonds. For the sole purpose of Lehman Brothers' 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.

Section 18. Temporary Bond. Pending the printing,
execution and delivery to Lehman Brothers of definitive Bonds,
the City may cause to be executed and delivered to Lehman
Brothers a single temporary Bond in the total principal amount
of the Bonds. The 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 Lehman Brothers, and otherwise shall be in a form acceptable to Lehman Brothers. The temporary Bond shall be exchanged for definitive Bonds as soon as they are printed, executed and available for delivery.

Section 19. Effective Date of Ordinance. 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:

Jeni H. O斯塔
Special Counsel and Bond Counsel for the City

Passed the 6 day of Nov., 1990.
Approved the 7 day of Nov., 1990.
Published the 9 day of Nov., 1990.

I certify that this is a true copy of Ordinance No. 2948 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

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