AN ORDINANCE of the City of Kent, Washington, relating to local improvement districts; establishing Consolidated Local Improvement District No. 331/335 and Consolidated Local Improvement Fund, District No. 331/335; fixing the amount, form, date, interest rates, maturity and denominations of the Consolidated Local Improvement District No. 331/335 bonds; providing for the sale and delivery thereof to Lehman Brothers Division of Shearson Lehman Brothers Inc., in Seattle, Washington; and fixing the interest rate on local improvement district assessment installments.

WHEREAS, the City Council of the City of Kent, Washington (the "City"), heretofore has created Local Improvement Districts Nos. 331 and 335 for various purposes; and

WHEREAS, RCW 35.45.160 authorizes the establishment of consolidated local improvement districts for the purpose of issuing bonds only and provides that if the governing body of any municipality orders the creation of such consolidated local improvement district, the money received from the installment payment of the principal of and interest on assessments levied within the original local improvement districts shall be deposited in a consolidated local improvement district bond redemption fund to be used to redeem outstanding consolidated local improvement district bonds; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES ORDAIN as follows:
Section 1. Consolidation of Local Improvement Districts.

For the purpose of issuing bonds only, those local improvement districts of the City established by the following ordinances, respectively, the 30-day period for making cash payment of assessments without interest in each local improvement district having expired in the case of the assessments for each local improvement district, are consolidated into a consolidated local improvement district to be known and designated as Consolidated Local Improvement District No. 331/335:

<table>
<thead>
<tr>
<th>Local Improvement District No.</th>
<th>Created by Ordinance No.</th>
<th>Assessment Balance After 30-Day Prepayment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>331</td>
<td>2763</td>
<td>$300,962.72</td>
</tr>
<tr>
<td>335</td>
<td>2899</td>
<td>1,243,017.45</td>
</tr>
</tbody>
</table>

Section 2. Creation of Bond Fund and Deposit of Assessments. There is created and established in the office of the City Finance Director for Consolidated Local Improvement District No. 331/335 a special consolidated local improvement district fund to be known and designated as Consolidated Local Improvement Fund, District No. 331/335 (the "Bond Fund"). All money presently on hand representing collections pertaining to installments of assessments and interest thereon in each of the local improvement districts listed in Section 1 shall be transferred to and deposited in the Bond Fund, and all collections pertaining to assessments on the assessment rolls of
those local improvement districts when hereafter received shall be deposited in the Bond Fund to redeem outstanding Consolidated Local Improvement District No. 331/335 bonds.

Section 3. Description of Bonds. Consolidated Local Improvement District No. 331/335 bonds (the "Bonds") shall be issued in the total principal amount of $1,543,980.17, being the total amount on the assessment rolls of Local Improvement Districts Nos. 331 and 335 remaining uncollected after the expiration of the 30-day interest-free prepayment period. The Bonds shall be dated March 1, 1991, shall mature on March 1, 2003, and shall be numbered from 1 to 309, 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 $3,980.17 and Bonds Nos. 2 to 309, 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 March 1, 1992:

<table>
<thead>
<tr>
<th>Bond Numbers (Inclusive)</th>
<th>Amounts</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 31</td>
<td>$153,980.17</td>
<td>5.25%</td>
</tr>
<tr>
<td>32 to 62</td>
<td>155,000.00</td>
<td>5.60</td>
</tr>
<tr>
<td>63 to 94</td>
<td>160,000.00</td>
<td>5.90</td>
</tr>
<tr>
<td>95 to 126</td>
<td>160,000.00</td>
<td>6.10</td>
</tr>
<tr>
<td>Bond Numbers (Inclusive)</td>
<td>Amounts</td>
<td>Interest Rates</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>127 to 158</td>
<td>$160,000.00</td>
<td>6.25%</td>
</tr>
<tr>
<td>159 to 189</td>
<td>$155,000.00</td>
<td>6.40%</td>
</tr>
<tr>
<td>190 to 219</td>
<td>$150,000.00</td>
<td>6.50%</td>
</tr>
<tr>
<td>220 to 249</td>
<td>$150,000.00</td>
<td>6.60%</td>
</tr>
<tr>
<td>250 to 279</td>
<td>$150,000.00</td>
<td>6.65%</td>
</tr>
<tr>
<td>280 to 309</td>
<td>$150,000.00</td>
<td>6.75%</td>
</tr>
</tbody>
</table>

Section 4. 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 5. Payment of Bonds. Both principal of and interest on the Bonds shall be payable solely out of the Bond Fund and from the Local Improvement Guaranty Fund of the City, and 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 6. Optional Redemption of Bonds. The City reserves the right and option to 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 7. Notice of Redemption. The City shall cause notice of any intended redemption of Bonds to be given not less than fifteen nor more than thirty 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
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 Fund and the Bond has been called for
payment by giving notice of that call to the registered owner of that Bond.

Section 9. 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, Consolidated Local Improvement District No. 331/335 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.

- 7 -
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 10. 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 11. 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, to the extent arbitrage rebate requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), are applicable to the Bonds, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating
rebateable arbitrage, and the payment of any other penalties if required under Section 148 of the Code 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 13. 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 February 25, 1991 (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 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 14. Interest Rate on Assessments. The interest rate on the installments and delinquent payments of the special assessments in Local Improvement Districts Nos. 331 and 335 is revised and fixed at the rate of 6.93% per annum.
Section 15. 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 5 day of March, 1991.
Approved the 6 day of March, 1991.
Published the 8 day of March, 1991.

I certify that this is a true copy of Ordinance No. 2965 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

SLH-748*