CITY OF KENT, WASHINGTON

ORDINANCE NO. 3115

AN ORDINANCE of the City of Kent, Washington, relating to contracting indebtedness; providing for the issuance of $14,085,000 par value of Unlimited Tax General Obligation Refunding Bonds, 1993, of the City to provide funds with which to pay the cost of refunding the callable portions of the City's outstanding Unlimited Tax General Obligation Bonds, 1980, Unlimited Tax General Obligation Bonds, 1986, and Unlimited Tax General Obligation Bonds, 1990, and the costs of issuance and sale of the bonds; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the refunding bonds herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with Seattle-First National Bank of Seattle, Washington, as refunding trustee; and approving the sale and providing for the delivery of the bonds to Lehman Brothers Division of Shearson Lehman Brothers Inc. of Seattle, Washington.

WHEREAS, pursuant to Ordinance No. 2198, passed December 17, 1980, the City of Kent, Washington (the "City"), heretofore issued its Unlimited Tax General Obligation Bonds, 1980 (the "1980 Bonds"), in the original principal amount of $450,000, and by Section 1 of that ordinance the City reserved the right and option to redeem the 1980 Bonds maturing on or after February 1, 1991, on February 1, 1990, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption; and

WHEREAS, there are presently outstanding $235,000 principal amount of 1980 Bonds maturing on February 1 of each of the years 1994 through 2000, inclusive, bearing interest at various rates from 7.00% to 7.40% (the "Refunded 1980 Bonds"); and

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WHEREAS, pursuant to Ordinance No. 2684, passed December 15, 1986, the City heretofore issued its Unlimited Tax General Obligation Bonds, 1986 (the "1986 Bonds"), in the original principal amount of $12,303,000, and by Section 1 of that ordinance the City reserved the right and option to redeem the 1986 Bonds maturing on or after December 1, 1997, on December 1, 1996, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption; and

WHEREAS, there are presently outstanding $8,250,000 principal amount of 1986 Bonds maturing on December 1 of each of the years 1997 through 2006, inclusive, bearing interest at various rates from 6.60% to 7.00% (the "Refunded 1986 Bonds"); and

WHEREAS, pursuant to Ordinance No. 2948, passed November 6, 1990, the City heretofore issued its Unlimited Tax General Obligation Bonds, 1990 (the "1990 Bonds"), in the original principal amount of $6,700,000, and by Section 6 of that ordinance the City reserved the right and option to redeem the 1990 Bonds maturing on or after December 1, 2001, on December 1, 2000, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption; and

WHEREAS, there are presently outstanding $4,280,000 principal amount of 1990 Bonds maturing on December 1 of each of the years 2001 through 2004, inclusive, and in the year 2009 and bearing interest at various rates from 6.90% to 7.30% (the "Refunded 1990 Bonds"); and

WHEREAS, the City Council has determined that the Refunded 1980 Bonds, Refunded 1986 Bonds and Refunded 1990 Bonds
(collectively, the "Refunded Bonds") may be refunded by the issuance and sale of the general obligation bonds authorized herein (the "Bonds") so that a substantial saving will be effected by the difference between the principal and interest costs over the life of the Bonds and the principal and interest costs over the life of the outstanding Refunded Bonds but for such refunding, which refunding will be effected by

(a) The issuance of the Bonds;

(b) The payment of the interest on the Refunded 1980 Bonds when due up to and including August 1, 1993, and, on August 1, 1993, the call, payment and redemption of all the outstanding Refunded 1980 Bonds at a price of par;

(c) The payment of the interest on the Refunded 1986 Bonds when due up to and including December 1, 1996, and, on December 1, 1996, the call, payment and redemption of all the outstanding Refunded 1986 Bonds at a price of par; and

(d) The payment of the interest on the Refunded 1990 Bonds when due up to and including December 1, 2000, and, on December 1, 2000, the call, payment and redemption of all the outstanding Refunded 1990 Bonds at a price of par;

and

WHEREAS, to effect that refunding in the manner that will be most advantageous to the City and its taxpayers, the City Council finds it necessary and advisable that certain acquired obligations (hereinafter defined) bearing interest and maturing at the time or times necessary to accomplish the refunding as aforesaid be purchased out of the proceeds of the sale of the Bonds; and

WHEREAS, the City Council has determined that it is necessary to issue and sell $14,085,000 par value of unlimited tax general obligation refunding bonds to provide the funds necessary to refund
the Refunded Bonds and to pay the costs of the refunding and the issuance and sale of the Bonds, and Lehman Brothers Division of Shearson Lehman Brothers Inc. ("Lehman Brothers") has offered to purchase the Bonds under the terms and conditions hereinafter set forth; and

WHEREAS, AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company (the "Bond Insurer"), has made a commitment to issue an insurance policy (the "Municipal Bond Insurance Policy") insuring the payment when due of the principal of and interest on the Bonds as provided therein, and the City Council deems that the purchase of the Municipal Bond Insurance Policy is in the best interest of the City; NOW, THEREFORE,

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

Section 1. Debt Capacity. The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for the calendar year 1993 is $3,938,682,179. The City has outstanding general indebtedness evidenced by (a) limited tax general obligation bonds and conditional sales contracts in the principal amount of $16,117,517 incurred within the limit of up to 3/4 of 1% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein, and (b) unlimited tax general obligation bonds in the principal amount of $16,990,000 incurred within the limit of up to 2-1/2% of the value of the taxable property within the City for capital purposes only, issued pursuant to a vote of the qualified voters of the City. The
amount of indebtedness for which the Bonds are authorized herein to be issued is $14,085,000, and the City expects to issue simultaneously with the Bonds $2,765,000 of additional indebtedness to be evidenced by the City's Limited Tax General Obligation Refunding Bonds, 1993.

Section 2. Authorization of Bonds. The City shall borrow money on the credit of the City and issue negotiable unlimited tax general obligation refunding bonds evidencing that indebtedness in the amount of $14,085,000 for the purpose of providing the funds required to:

(a) Pay the interest on the Refunded 1980 Bonds when due up to and including August 1, 1993, and on August 1, 1993, to call, pay and redeem all of the outstanding Refunded 1980 Bonds at a price of par;

(b) Pay the interest on the Refunded 1986 Bonds when due up to and including December 1, 1996, and on December 1, 1996, to call, pay and redeem all of the outstanding Refunded 1986 Bonds at a price of par; and

(c) Pay the interest on the Refunded 1990 Bonds when due up to and including December 1, 2000, and on December 1, 2000, to call, pay and redeem all of the outstanding Refunded 1990 Bonds at a price of par;

(collectively, the "Refunding Plan"), and to pay the costs of the refunding and the issuance and sale of the Bonds. $1,320,000 of the general indebtedness to be incurred by the issuance of the Bonds shall be within the limit of up to 3/4 of 1% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein.

Section 3. Description of Bonds. The Bonds shall be called Unlimited Tax General Obligation Refunding Bonds, 1993, of the City (the "Bonds"); shall be in the aggregate principal amount of $14,085,000; shall be dated June 1, 1993; 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 semiannually on each June 1 and December 1, commencing December 1, 1993; and shall mature on December 1 in years and amounts and bear interest at the rates per annum as follows:

<table>
<thead>
<tr>
<th>Maturity Dates</th>
<th>Principal Amounts</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>$165,000</td>
<td>2.75%</td>
</tr>
<tr>
<td>1995</td>
<td>170,000</td>
<td>3.40</td>
</tr>
<tr>
<td>1996</td>
<td>175,000</td>
<td>3.90</td>
</tr>
<tr>
<td>1997</td>
<td>795,000</td>
<td>4.25</td>
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<tr>
<td>1998</td>
<td>825,000</td>
<td>4.55</td>
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<tr>
<td>1999</td>
<td>860,000</td>
<td>4.75</td>
</tr>
<tr>
<td>2000</td>
<td>900,000</td>
<td>4.90</td>
</tr>
<tr>
<td>2001</td>
<td>1,255,000</td>
<td>5.00</td>
</tr>
<tr>
<td>2002</td>
<td>1,315,000</td>
<td>5.00</td>
</tr>
<tr>
<td>2003</td>
<td>1,375,000</td>
<td>5.10</td>
</tr>
<tr>
<td>2004</td>
<td>1,445,000</td>
<td>5.20</td>
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<tr>
<td>2005</td>
<td>1,525,000</td>
<td>5.30</td>
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<tr>
<td>2006</td>
<td>1,605,000</td>
<td>5.40</td>
</tr>
<tr>
<td>2007</td>
<td>530,000</td>
<td>5.50</td>
</tr>
<tr>
<td>2008</td>
<td>555,000</td>
<td>5.55</td>
</tr>
<tr>
<td>2009</td>
<td>590,000</td>
<td>5.60</td>
</tr>
</tbody>
</table>

All of the principal amount of the Bonds maturing in the years 1994 through 1997, inclusive, and $15,000 of the principal amount of the Bonds maturing on December 1, 1998, shall constitute nonvoted debt of the City.

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 surrendered to the Bond Registrar 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. 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 15 days preceding any principal payment date.

Section 5. Payment of Bonds. 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 of the Bond Registrar mailed on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the 15th 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 and Open Market Purchase of Bonds. The Bonds shall be issued without the right or option of the City to redeem the Bonds prior to their stated maturity dates. The City reserves the right and option to purchase any or all
of the Bonds in the open market at any time at any price plus accrued interest to the date of purchase.

All Bonds purchased under this section shall be cancelled.

**Section 7. Failure to Redeem Bonds.** If any Bond is not redeemed when properly presented at its maturity 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 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 8. 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 9. Form and Execution 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, 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 Refunding Bonds, 1993, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By ____________________________
Authorized Signer

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 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 be open to inspection by the City at all times. 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 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 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 rebatable 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. 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 "government obligations" (as defined in Chapter 39.53 RCW, as now or hereafter amended) 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.

Notwithstanding anything in this section to the contrary, in the event that the principal of and/or interest due on the Bonds is paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall be treated as remaining outstanding for all purposes, and not as paid, defeased or otherwise satisfied by the City, and the covenants, agreements and other obligations of the City to the registered owners of the Bonds shall continue to exist, and the Bond Insurer shall be subrogated to the rights of the registered owners.

Section 14. Bond Fund and Deposit of Bond Proceeds. There is created and established in the office of the Finance Director of the City a special fund designated as the Unlimited Tax General Obligation Refunding Bond Fund, 1993 (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 principal proceeds of the Bonds shall be deposited in accordance with the provisions of Section 15 of this ordinance. 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.

Section 15. Refunding of the Refunded Bonds.

(a) Appointment of Refunding Trustee. Seattle-First National Bank is appointed the Refunding Trustee.

(b) Acquisition of Acquired Obligations. All of the proceeds of the sale of the Bonds except for the accrued interest received, if any, which shall be deposited in the Bond Fund, shall be deposited immediately upon the receipt thereof with the Refunding Trustee to discharge the obligation of the City to carry out the Refunding Plan by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of United States Treasury Certificates of Indebtedness and/or Notes--State and Local Government Series or other direct, noncallable obligations of the United States of America (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 a beginning cash balance of $83.62 (which amount may be increased or decreased), for the payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations are listed and more particularly described in Schedule A attached to the Refunding Trust Agreement between the
City and the Refunding Trustee, but are subject to substitution as set forth below.

(c) Substitution of Acquired Obligations. Prior to the purchase of any such Acquired Obligations, the City reserves the right to substitute other direct, noncallable obligations of the United States of America ("Government Obligations") for any of the Acquired Obligations and to use any savings created thereby for any lawful City purpose if, (a) in the opinion of Foster Pepper & 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 Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, so verified by a nationally recognized firm of certified public accountants.

After the purchase of the Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute therefor cash or Government Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the 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 obtain, at its expense: (1) verification by a nationally recognized firm of certified public accountants acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute Acquired Obligations, if paid when due,
and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from Foster Pepper & 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, under the statutes, rules and regulations then in force and applicable to the Bonds, will not cause the interest on the Bonds or the Refunded Bonds to be included in 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.

(d) **Administration of Refunding Plan.** The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations) and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the Refunding Trustee pursuant to this ordinance. All Acquired Obligations (or substitute obligations) and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of Ordinances Nos. 2198, 2684 and 2948, this ordinance, Chapter 39.53 RCW and other applicable statutes of the State of Washington, and the Refunding Trust Agreement. All necessary and proper fees,
compensation and expenses of the Refunding Trustee for the Bonds and all other costs incidental to establishing the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, rating service fees, insurance premiums, verification fees, bond counsel's fees and other related expenses, shall be paid out of the proceeds of the Bonds.

(e) Authorization for Refunding Trust Agreement. To carry out the Refunding Plan provided for by this ordinance, the Mayor or Finance Director is authorized and directed to execute and deliver to the Refunding Trustee 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 Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation and expenses of the Refunding Trustee set forth therein are satisfactory to it. Prior to executing the Refunding Trust Agreement, the Mayor or Finance Director is authorized to make such changes therein which do not change the substance and purpose thereof or which assure that the escrow provided therein and the Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 16. Call for Redemption of the Refunded Bonds. The City calls for redemption on August 1, 1993, all of the Refunded 1980 Bonds at par plus accrued interest; on December 1, 1996, all
of the Refunded 1986 Bonds at par plus accrued interest; and on December 1, 2000, all of the Refunded 1990 Bonds at par plus accrued interest. Such calls for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The dates on which the Refunded Bonds are called for redemption are the earliest dates, respectively, on which those Refunded Bonds may be called for redemption.

The proper City officials are authorized and directed to cause the fiscal agencies to give such notices as required, at the times and in the manner required by Ordinances Nos. 2198, 2684 and 2948 in order to effect the redemption prior to their maturities of the Refunded 1980 Bonds, Refunded 1986 Bonds and Refunded 1990 Bonds, respectively.

Section 17. City Findings with Respect to 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 taxpayers 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 Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the issuance and sale of the Bonds and other money of the City used in the Refunding Plan pending payment and redemption of the Refunded Bonds.

The City Council further finds and determines that the money to be deposited with the Refunding Trustee for the Refunded Bonds in accordance with Section 15 of this ordinance, together with
known earned income from the investments thereof, will be sufficient to carry out the Refunding Plan and discharge and satisfy the obligations of the City under Ordinance No. 2198 with respect to the Refunded 1980 Bonds, Ordinance No. 2684 with respect to the Refunded 1986 Bonds and Ordinance No. 2948 with respect to the Refunded 1990 Bonds and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to the Refunded Bonds and that the Refunded Bonds shall no longer be deemed to be outstanding under such ordinances immediately upon the deposit of such money with the Refunding Trustee.

Section 18. Approval of Bond Purchase Contract. Lehman Brothers of Seattle, Washington, has presented a purchase contract dated May 18, 1993 (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. Except as provided in the Bond Purchase Contract, 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, including reviewing and executing the final official statement, for the prompt delivery of the Bonds to the purchaser and for the proper application and use of the proceeds of the sale thereof.

Section 19. Preliminary Official Statement Deemed "Final". The City Council has been provided with copies of a preliminary official statement dated March 31, 1993 (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, aggregate principal amount, principal amount per maturity, maturity dates, options of redemption, delivery dates, ratings, and other terms of the Bonds dependent on such matters.

Section 20. Bond Insurance. The City is authorized to purchase from the Bond Insurer the Municipal Bond Insurance Policy insuring the prompt payment of the principal of and interest on the Bonds and agrees to the conditions for obtaining that policy, including the payment of the premium therefor. Any notice required to be given to the Bond Insurer shall be sent by certified or
registered mail to AMBAC Indemnity Corporation, One State Street Plaza, New York, New York 10004.

While the Municipal Bond Insurance Policy is in effect, the City or the Bond Registrar shall furnish to the Bond Insurer:

(a) As soon as practicable after the filing thereof, copies of any financial statements, audits and annual reports of the City;

(b) copies of any notices given to the registered owners of the Bonds, including, without limitation, notices of any defeasance of Bonds, and any certificate rendered pursuant to this ordinance relating to the security for the Bonds; and

(c) such additional information the Bond Insurer may reasonably request.

The Bond Registrar shall notify the Bond Insurer of any failure of the City to provide relevant notices and certificates.

The City will permit the Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City. The Bond Registrar and the City will permit the Bond Insurer to have access to and make copies of all books and records relating to the Bonds at any reasonable time.

The Bond Insurer shall have the right to direct an accounting at the City's expense, and the City's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder unless compliance cannot occur within such period. In that event
and only if an extension would not materially adversely affect the
interest of any registered owner of the Bonds, that 30-day period
will be extended so long as compliance is begun within that period
and diligently pursued.

Section 21. Payment Procedures Under Bond Insurance. The
Bond Insurer requires that the following sections be included in
this ordinance:

"(a) At least one (1) day prior to all Interest
Payment Dates the Trustee or Paying Agent, if any, will
determine whether there will be sufficient funds in the
Funds and Accounts to pay the principal of or interest on
the Bonds on such Interest Payment Date. If the Trustee
or Paying Agent, if any, determines that there will be
insufficient funds in such Funds or Accounts, the Trustee
or Paying Agent, if any, shall so notify AMBAC Indemnity.
Such notice shall specify the amount of the anticipated
deficiency, the Bonds to which such deficiency is
applicable and whether such Bonds will be deficient as to
principal or interest, or both. If the Trustee or Paying
Agent, if any, has not so notified AMBAC Indemnity at
least one (1) day prior to an Interest Payment Date,
AMBAC Indemnity will make payments of principal or
interest due on the Bonds on or before the first (1st)
day next following the date on which AMBAC Indemnity
shall have received notice of nonpayment from the Trustee
or Paying Agent, if any.

"(b) the Trustee or Paying Agent, if any, shall,
after giving notice to AMBAC Indemnity as provided in (a)
above, make available to AMBAC Indemnity and, at AMBAC
Indemnity's direction, to the United States Trust Company
of New York, as insurance trustee for AMBAC Indemnity or
any successor insurance trustee (the "Insurance
Trustee"), the registration books of the Issuer
maintained by the Trustee or Paying Agent, if any, and
all records relating to the Funds and Accounts maintained
under this ordinance.

"(c) the Trustee or Paying Agent, if any, shall
provide AMBAC Indemnity and the Insurance Trustee with a
list of registered owners of Bonds entitled to receive
principal or interest payments from AMBAC Indemnity under
the terms of the Municipal Bond Insurance Policy, and
shall make arrangements with the Insurance Trustee (i) to
mail checks or drafts to the registered owners of Bonds
to receive full or partial interest payments
from AMBAC Indemnity and (ii) to pay principal upon Bonds
surrendered to the Insurance Trustee by the registered owners of Bonds entitled to receive full or partial principal payments from AMBAC Indemnity.

"(d) the Trustee or Paying Agent, if any, shall, at the time it provides notice to AMBAC Indemnity pursuant to (a) above, notify registered owners of Bonds entitled to receive the payment of principal or interest thereon from AMBAC Indemnity (i) as to the fact of such entitlement, (ii) that AMBAC Indemnity will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner’s right to payment, (iii) that should they be entitled to receive full payment of principal from AMBAC Indemnity, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, if any, and (iv) that should they be entitled to receive partial payment of principal from AMBAC Indemnity, they must first surrender their Bonds for payment thereon first to the Trustee or Paying Agent, if any, who shall note on such Bonds the portion of the principal paid by the Trustee or Paying Agent, if any, and the, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

"(e) in the event that the Trustee or Paying Agent, if any, has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a Bondholder by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee or Paying Agent, if any, shall, at the time AMBAC Indemnity is notified pursuant to (a) above, notify all registered owners that in the event that any registered owner’s payment is so recovered, such registered owner will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee or Paying Agent, if any, shall furnish to AMBAC Indemnity its records evidencing the payments of principal of and interest on the Bonds which have been made by the Trustee or Paying Agent, if any, and subsequently recovered from registered owners and the dates on which such payments were made.
"(f) in addition to those rights granted AMBAC Indemnity under this ordinance, AMBAC Indemnity shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee or Paying Agent, if any, shall note AMBAC Indemnity's rights as subrogee on the registration books of the Issuer maintained by the Trustee or Paying Agent, if any, upon receipt from AMBAC Indemnity of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee or Paying Agent, if any, shall note AMBAC Indemnity's rights as subrogee on the registration books of the Issuer maintained by the Trustee or Paying Agent, if any, upon surrender of the Bonds by the registered owners thereof together with the proof of the payment of principal thereof."

Section 22. Parties Interested Herein. To the extent that this ordinance confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this ordinance, the Bond Insurer is explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder. Nothing expressed or implied in this ordinance is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Bond Insurer and the registered owners of the Bonds, any right, remedy or claim under or by reason of this ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Bond Insurer and the registered owners of the Bonds.

Notwithstanding any other provision of this ordinance, the City shall notify the Bond Insurer immediately if at any time there
are insufficient funds to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

Any provision of this ordinance expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. Unless otherwise provided in this section, the Bond Insurer's consent shall be required, in addition to Bond owner consent, when required, for the following purposes: (i) execution and delivery of any supplemental ordinance, and (ii) initiation or approval of any other action which requires Bond owner consent. Anything in this ordinance to the contrary notwithstanding, upon the occurrence and continuance of an event of default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bond owners for the benefit of the Bond owners under this ordinance.

Section 23. Temporary Bond. Pending the printing, execution and delivery to the purchaser of definitive Bonds, the City may cause to be executed and delivered to the purchaser 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 the purchaser, and otherwise shall be in a form acceptable to the purchaser. The temporary Bond shall be exchanged for
definitive Bonds as soon as they are printed, executed and available for delivery.

Section 24. 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.

By

DAN KELLEHER, Mayor

ATTEST:

BRENDA JACOBER, City Clerk

APPROVED AS TO FORM:

Special Counsel and Bond Counsel for the City

Passed the 18 day of May, 1993.
Approved the 19 day of May, 1993.
Published the 21 day of May, 1993.

I certify that this is a true copy of Ordinance No. 3115 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, City Clerk