AN ORDINANCE of the City of Kent, Washington, relating to contracting indebtedness; providing for the issuance of $5,420,000 par value of Limited Tax General Obligation and Refunding Bonds, 1995, of the City to provide part of the funds with which to pay the cost of advance refunding the City’s outstanding Golf Complex Revenue Bonds, 1988, acquiring, constructing and installing certain improvements to the City’s Golf Complex and paying the administrative costs of such refunding and the costs of issuance and sale of such bonds; fixing the date, form, maturities, interest rates, terms and covenants of such bonds; establishing a bond redemption fund and a project fund; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with West One Bank Idaho of Boise, Idaho, as refunding trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; providing for bond insurance; and approving the sale and providing for the delivery of the bonds to Lehman Brothers Inc. of Seattle, Washington.

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CITY OF KENT, WASHINGTON
LIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 1995

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CITY OF KENT, WASHINGTON

ORDINANCE NO. ________

AN ORDINANCE of the City of Kent, Washington, relating to contracting indebtedness; providing for the issuance of $5,420,000 par value of Limited Tax General Obligation and Refunding Bonds, 1995, of the City to provide part of the funds with which to pay the cost of advance refunding the City's outstanding Golf Complex Revenue Bonds, 1988, acquiring, constructing and installing certain improvements to the City's Golf Complex and paying the administrative costs of such refunding and the costs of issuance and sale of such bonds; fixing the date, form, maturities, interest rates, terms and covenants of such bonds; establishing a bond redemption fund and a project fund; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with West One Bank Idaho of Boise, Idaho, as refunding trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; providing for bond insurance; and approving the sale and providing for the delivery of the bonds to Lehman Brothers Inc. of Seattle, Washington.

WHEREAS, the City of Kent, Washington (the "City"), owns and operates an 18-hole regulation municipal golf course, a 9-hole par 3 golf course, driving range and mini-putt course, together with other recreational facilities related thereto (the "Golf Complex"); and

WHEREAS, pursuant to Ordinance No. 2790, the City heretofore issued its $5,285,000 par value Golf Complex Revenue Bonds, 1988 (the "1988 Bonds"), for the purpose of providing a portion of the funds to develop and construct the 18-hole municipal golf course, and by that ordinance reserved the right to redeem the 1988 Bonds prior to their maturity on December 1, 1998, at a price of 102% of par plus accrued interest to the date fixed for redemption; and
WHEREAS, there are presently outstanding $4,510,000 par value of 1988 Bonds maturing on December 1 of each of the years 1995 through 2000, inclusive, and in the year 2008, and bearing various interest rates from 7.20% to 8.40%; and

WHEREAS, after due consideration, it appears to the City Council that all of the outstanding 1988 Bonds (the "Refunded Bonds") may be refunded by the issuance and sale of the limited tax general obligation and refunding bonds authorized herein (the "Bonds") so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the portion of the Bonds allocated to the refunding and the principal and interest cost over the life of the 1988 Bonds but for such refunding, which refunding will be effected by:

(a) The issuance of the Bonds and the payment of the costs of the issuance of the Bonds and the costs of the refunding;

(b) The use of money deposited in the Golf Complex Revenue Bond Fund, 1988; and

(c) The payment of the principal of and interest on the 1988 Bonds when due up to and including December 1, 1998, and the call, payment and redemption on December 1, 1998, of all of the then-outstanding 1988 Bonds at a price of 102% of par;

and

WHEREAS, to effect that refunding in the manner that will be most advantageous to the City it is found necessary and advisable that certain Acquired Obligations (hereinafter defined) bearing interest and maturing at such time or times as necessary to accomplish the refunding as aforesaid be purchased out of a portion of the proceeds of the Bonds and other money of the City; and
WHEREAS, the City Council has determined that it is in the best interests of the City to make certain improvements to the Golf Complex, the estimated cost of which is $1,025,000 (including an allocable portion of the costs of issuance of the Bonds), and the City does not have available sufficient funds to pay the cost of such improvements; and

WHEREAS, the City Council deems it to be in the best interests of the City to issue and sell the Bonds to pay part of the cost of advance refunding the 1988 Bonds, acquiring, constructing and installing certain improvements to the Golf Complex, and paying the administrative costs of such refunding and the costs of issuance and sale of the Bonds; and

WHEREAS, Lehman Brothers Inc. of Seattle, Washington, has offered to purchase the Bonds under the terms and conditions hereinafter set forth; and

WHEREAS, Financial Security Assurance, Inc., has made a commitment to issue an insurance policy (the "Municipal Bond Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds, 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. Definitions. As used in this ordinance, the following words shall have the following meanings:

"Acquired Obligations" means those United States Treasury Certificates of Indebtedness, Notes and Bonds--State and Local
Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the 1988 Bonds as authorized by this ordinance.

"Bond Fund" means the Limited Tax General Obligation and Refunding Bond Fund, 1995, created by this ordinance for the payment of the Bonds.


"Bond Register" means the books or records maintained by the Bond Registrar containing the name and mailing address of the owner of each Bond and the principal amount and number of Bonds held by each owner.

"Bond Registrar" means the fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York, as the same may be designated from time to time.

"Bonds" means the $5,420,000 par value Limited Tax General Obligation and Refunding Bonds, 1995, of the City issued pursuant to and for the purposes provided in this ordinance.


"1988 Bonds" means the outstanding Golf Complex Revenue Bonds, 1988, of the City issued pursuant to Ordinance No. 2790, the refunding of which has been provided for by this ordinance.

"City" means the City of Kent, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.
"Code" means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

"Finance Director" means the Finance Division Director of the City.

"Golf Complex" means the City's existing 9-hole par 3 golf course, driving range and mini-putt course, the 18-hole regulation municipal golf course, all golf related buildings, facilities and equipment, and any other golf recreational facilities which hereafter may be acquired, constructed or combined lawfully with the existing facilities, together with all additions thereto and betterments and extensions thereof at any time made or constructed.

"Government Obligations" means direct, noncallable obligations of the United States of America.

"Municipal Bond Insurance Policy" means the policy issued by the Bond Insurer insuring the payment of the principal of and interest on the Bonds.

"Refunding Plan" means:

(a) the placement of sufficient proceeds of the Bonds which, with other money of the City, if necessary, will acquire the Acquired Obligations to be deposited, with cash, if necessary, with the Refunding Trustee;

(b) the payment of the principal of and interest on the 1988 Bonds when due up to and including December 1, 1998, and the call, payment and redemption on December 1, 1998, of all of the then-outstanding 1988 Bonds at a price of 102% of par; and

(c) the payment of the costs of issuing the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

"Refunding Trust Agreement" means a Refunding Trust Agreement between the City and the Refunding Trustee substantially in the
form of that which is on file with the City Clerk and by this reference incorporated herein.

"Refunding Trustee" means West One Bank Idaho of Boise, Idaho, serving as trustee or escrow agent or any successor trustee or escrow agent.

Section 2. 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 1994 is $3,893,431,079, and the City has outstanding general indebtedness evidenced by limited tax general obligation bonds and conditional sales contracts in the principal amount of $15,132,006 incurred within the limit of up to 1-1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein, unlimited tax general obligation bonds in the principal amount of $16,730,000 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, and the amount of indebtedness for which bonds are authorized herein to be issued is $5,420,000.

Section 3. Authorization of Bonds. The City shall borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing that indebtedness in the amount of $5,420,000 for general City purposes to pay part of the cost carrying out the Refunding Plan, acquiring constructing and installing certain improvements to the Golf Complex (the "Project"), and paying the costs of issuance and sale of the Bonds.
(the "costs of issuance"). The general indebtedness to be incurred shall be within the limit of up to 1-1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein.

Section 4. Description of Bonds. The Bonds shall be called Limited Tax General Obligation and Refunding Bonds, 1995, of the City; shall be in the aggregate principal amount of $5,420,000; shall be dated January 1, 1995; 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 deems necessary for purposes of identification; shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each June 1 and December 1, commencing June 1, 1995, to the maturity or early redemption of the Bonds; 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 Years</th>
<th>Amounts</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$285,000</td>
<td>5.25%</td>
</tr>
<tr>
<td>1999</td>
<td>315,000</td>
<td>5.35</td>
</tr>
<tr>
<td>2000</td>
<td>335,000</td>
<td>5.40</td>
</tr>
<tr>
<td>2001</td>
<td>350,000</td>
<td>5.50</td>
</tr>
<tr>
<td>2002</td>
<td>370,000</td>
<td>5.60</td>
</tr>
<tr>
<td>2003</td>
<td>395,000</td>
<td>5.70</td>
</tr>
<tr>
<td>2004</td>
<td>410,000</td>
<td>5.80</td>
</tr>
<tr>
<td>2005</td>
<td>440,000</td>
<td>5.90</td>
</tr>
<tr>
<td>2006</td>
<td>465,000</td>
<td>6.00</td>
</tr>
<tr>
<td>2007</td>
<td>495,000</td>
<td>6.10</td>
</tr>
<tr>
<td>2008</td>
<td>525,000</td>
<td>6.20</td>
</tr>
<tr>
<td>2009</td>
<td>500,000</td>
<td>6.20</td>
</tr>
<tr>
<td>2010</td>
<td>535,000</td>
<td>6.25</td>
</tr>
</tbody>
</table>

Portions of the above maturity amounts are allocated to paying the respective costs of the Project and of carrying out the
Refunding Plan, including a ratable share of proceeds used to pay the costs of issuance of the Bonds, in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Maturity Years</th>
<th>Refunding Allocation</th>
<th>New Money Allocation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>$285,000</td>
<td>--</td>
<td>$285,000</td>
</tr>
<tr>
<td>1999</td>
<td>315,000</td>
<td>--</td>
<td>315,000</td>
</tr>
<tr>
<td>2000</td>
<td>335,000</td>
<td>--</td>
<td>335,000</td>
</tr>
<tr>
<td>2001</td>
<td>350,000</td>
<td>--</td>
<td>350,000</td>
</tr>
<tr>
<td>2002</td>
<td>370,000</td>
<td>--</td>
<td>370,000</td>
</tr>
<tr>
<td>2003</td>
<td>395,000</td>
<td>--</td>
<td>395,000</td>
</tr>
<tr>
<td>2004</td>
<td>410,000</td>
<td>--</td>
<td>410,000</td>
</tr>
<tr>
<td>2005</td>
<td>440,000</td>
<td>--</td>
<td>440,000</td>
</tr>
<tr>
<td>2006</td>
<td>465,000</td>
<td>--</td>
<td>465,000</td>
</tr>
<tr>
<td>2007</td>
<td>495,000</td>
<td>--</td>
<td>495,000</td>
</tr>
<tr>
<td>2008</td>
<td>525,000</td>
<td>--</td>
<td>525,000</td>
</tr>
<tr>
<td>2009</td>
<td>--</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>2010</td>
<td>--</td>
<td>535,000</td>
<td>535,000</td>
</tr>
</tbody>
</table>

The life of the Project to be acquired or constructed with the proceeds of the Bonds exceeds the term of the Bonds.

Section 5. Registration and Transfer of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on 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 or redemption date.

Section 6. 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 7. Optional Redemption and Open Market Purchase of Bonds. Bonds maturing in the years 1998 through 2004, 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 Bonds maturing on or after December 1, 2005, prior to their stated maturity dates at any time on or after December 1, 2004, as a whole or in part within one or more maturities selected by the City (and by lot within a maturity in such manner as the Bond Registrar shall determine), at the following prices expressed as a percentage of par, plus accrued interest to the date fixed for redemption:

<table>
<thead>
<tr>
<th>Redemption Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. 1, 2004, through Nov. 30, 2005</td>
<td>101%</td>
</tr>
<tr>
<td>Dec. 1, 2005, and thereafter</td>
<td>100 (par)</td>
</tr>
</tbody>
</table>

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 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 any price acceptable to the City plus accrued interest to the date of purchase.

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

Section 8. 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 Ratings.
Group at their offices in New York, New York, or their successors, to Lehman Brothers Inc. at its principal office in Seattle, Washington, or its successor, to the Bond Insurer at its principal office in New York, New York, or its successor, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

Section 9. 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 hereinafter created and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

Section 10. Pledge of Taxes. For as long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor (including such revenues from the Golf Complex as the City may allocate to pay the Bonds), 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 11. 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 and 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, Limited Tax General Obligation and Refunding Bonds, 1995, 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, 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 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 13. 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 it will, to the extent the arbitrage rebate requirement of Section 148 of the Code, is applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement 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.


(a) Appointment of Refunding Trustee. West One Bank Idaho of Boise, Idaho, is appointed Refunding Trustee.

(b) Use of Bond Proceeds; Acquisition and Substitution of Acquired Obligations. A sufficient amount of the proceeds of the sale of the Bonds shall be deposited immediately upon the receipt
thereof with the Refunding Trustee and used, together with money on
deposit in the 1988 Bond Fund to be deposited with the Refunding
Trustee, to discharge the obligations of the City relating to the
1988 Bonds under Ordinance No. 2790 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 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, if necessary, for the
payment of the amount 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. Any Bond proceeds deposited with the Refunding
Trustee that are not needed to purchase the Acquired Obligations
and provide a beginning cash balance, if any, and pay the costs of
issuance of the Bonds shall be returned to the City at the time of
delivery of the Bonds for deposit in the Project Fund to pay costs
of the Project.

Prior to the purchase of any such Acquired Obligations, the
City reserves the right to substitute other 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 and the 1988 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, as verified by a nationally recognized firm of independent 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 and the 1988 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 it obtain, at its expense: (1) verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the Government 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 1988 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.

(c) 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 Ordinance No. 2790, 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 the setting up of the escrow to accomplish the refunding of the 1988 Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, verification fees, bond counsel's fees and other related expenses, shall be paid out of the proceeds of the Bonds.

(d) Authorization for Refunding Trust Agreement. To carry out the Refunding Plan provided for by this ordinance, the Mayor or Finance Director of the City 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 1988 Bonds as provided herein and stating that the provisions for payment of the fees, compensation and expenses of such Refunding Trustee set forth therein are satisfactory to it. Prior to executing the Refunding Trust Agreement, the Mayor or Finance Director of the City 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 15. Call for Redemption of the 1988 Bonds. The City calls for redemption on December 1, 1998, all then-outstanding 1988 Bonds at a price of 102% of par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The date on which the 1988 Bonds are called for redemption is the earliest date on which the those bonds may be called for redemption.

The proper officials of the City are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required pursuant to Ordinance No. 2790 in order to effect the redemption prior to their maturity of the 1988 Bonds.

Section 16. City Findings with Respect to Refunding. The City Council finds and determines that the issuance and sale of the Bonds allocable to the financing of the Refunding Plan at this time
will effect a savings to the City 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 1988 Bonds, the costs of
issuance of the Bonds allocable to the financing of the Refunding
Plan 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 1988 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 14 of this ordinance will discharge and
satisfy the obligations of the City under Ordinance No. 2790 with
respect to the 1988 Bonds, and the pledges, charges, trusts,
covenants and agreements of the City therein made or provided for
as to the 1988 Bonds, and that the 1988 Bonds shall no longer be
deemed to be outstanding under such ordinance immediately upon the
deposit of such money with the Refunding Trustee.

Section 17. Transfer of City Funds. The Finance Director is
authorized to transfer all money on deposit in the 1988 Bond Fund
to the Refunding Trustee as necessary to carry out the Refunding
Plan.

Section 18. Bonds Negotiable. The Bonds shall be negotiable
instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 19. Refunding or Defeasance of the Bonds. The City
may issue 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 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 or escrow account irrevocably pledged to that redemption, retirement or defeasance 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 City shall include in the refunding or defeasance plan such provisions as the City deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the City shall determine, and for any required replacement of Bond certificates for defeased Bonds. 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.
If 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 not be considered paid 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 20. Bond Fund; Project Fund; and Deposit of Bond Proceeds. There is created and established in the office of the Finance Director a special fund designated as the Limited Tax General Obligation and Refunding Bond Fund, 1995 (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 (together with such revenues from the Golf Complex as the City may allocate to pay the Bonds) shall be deposited in the Bond Fund.

There also is created and established in the office of the Finance Director a special fund designated as the Golf Complex Project Fund, 1995 (the "Project Fund"). The principal proceeds received from the issuance and sale of the Bonds remaining after the deposits required by Section 14 shall be deposited in the Project Fund and shall be used to pay the costs of carrying out the Project. Until needed to pay those costs, the City may invest principal proceeds temporarily in any legal investment, and the investment earnings may be retained in the Project 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 Project Fund and used for those tax or rebate purposes.

Section 21. Approval of Bond Purchase Contract. Lehman Brothers Inc. 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 proper City officials are authorized and directed to do everything necessary 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 22. Preliminary Official Statement Deemed Final. The City Council has been provided with copies of a preliminary
official statement dated January 10, 1995 (the "Preliminary Official Statement"), prepared in connection with the sale of the Bonds. For the sole purpose of the Bond 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 23. 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 the Bonds and agrees to the conditions for obtaining that policy, including the payment of the premium therefor.

Section 24. 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 25. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five (5) days following its publication as required by law.

By

JIM WHITE, Mayor

ATTEST:

BRENDA JACOBER, City Clerk

APPROVED AS TO FORM:

Special Counsel and Bond Counsel for the City

Passed the 17 day of January, 1995.
Approved the 18 day of January, 1995.
Published the 20 day of January, 1995.

I certify that this is a true copy of Ordinance No. 3209 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