CITY OF KENT, WASHINGTON

ORDINANCE NO. 3413

AN ORDINANCE relating to local improvement districts; establishing Consolidated Local Improvement District No. 347 and 348 and Consolidated Local Improvement Fund, District No. 347 and 348; fixing the amount, form, date, interest rates, maturity, and denominations of the Consolidated Local Improvement District No. 347 and 348 Bonds; providing for the sale and delivery thereof to Dain Rauscher Incorporated of 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. 347 and 348 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. 347 and 348:

<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>347</td>
<td>3294</td>
<td>$55,100.43</td>
</tr>
<tr>
<td>348</td>
<td>3347</td>
<td>887,516.57</td>
</tr>
</tbody>
</table>

Section 2. Bond Fund. There is created and established in the office of the Finance Division Director of the City for Consolidated Local Improvement District No. 347 and 348 a special consolidated local improvement district fund to be known and designated as Consolidated Local Improvement Fund, District No. 347 and 348 (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. 347 and 348 bonds.

Section 3. Authorization and Description of Bonds. Consolidated Local Improvement District No. 347 and 348 Bonds (the "Bonds") shall be issued in the total principal sum of $942,617, being the total amount on the assessment rolls of Local Improvement Districts Nos. 347 and 348 remaining uncollected after the expiration of the 30-day interest-free prepayment period. The Bonds shall be dated August 1, 1998, shall mature on September 1, 2015, and shall be numbered from 1 to 188, inclusive, in the manner and with any additional designation as the Bond Registrar (collectively, the fiscal agencies of the State of Washington) deems necessary for the purpose of identification. Bond No. 1 shall be in the denomination of $7,617 and Bonds Nos. 2 to 188, 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, payable annually on September 1 of each year beginning September 1, 1999, in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Bond Numbers (inclusive)</th>
<th>Amounts</th>
<th>Interest Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 12</td>
<td>$62,617</td>
<td>4.300%</td>
</tr>
<tr>
<td>13 - 25</td>
<td>65,000</td>
<td>4.400</td>
</tr>
<tr>
<td>26 - 38</td>
<td>65,000</td>
<td>4.500</td>
</tr>
<tr>
<td>39 - 51</td>
<td>65,000</td>
<td>4.600</td>
</tr>
<tr>
<td>52 - 64</td>
<td>65,000</td>
<td>4.700</td>
</tr>
<tr>
<td>65 - 77</td>
<td>65,000</td>
<td>4.800</td>
</tr>
<tr>
<td>78 - 90</td>
<td>65,000</td>
<td>4.900</td>
</tr>
<tr>
<td>91 - 103</td>
<td>65,000</td>
<td>5.000</td>
</tr>
<tr>
<td>104 - 116</td>
<td>65,000</td>
<td>5.100</td>
</tr>
<tr>
<td>117 - 130</td>
<td>70,000</td>
<td>5.150</td>
</tr>
<tr>
<td>131 - 142</td>
<td>60,000</td>
<td>5.250</td>
</tr>
<tr>
<td>143 - 154</td>
<td>60,000</td>
<td>5.350</td>
</tr>
<tr>
<td>155 - 166</td>
<td>60,000</td>
<td>5.450</td>
</tr>
<tr>
<td>167 - 177</td>
<td>55,000</td>
<td>5.550</td>
</tr>
<tr>
<td>178 - 188</td>
<td>55,000</td>
<td>5.600</td>
</tr>
</tbody>
</table>

The Bonds are structured and the interest rates are fixed in anticipation of their estimated redemption based on projected assessment payments in Local Improvement Districts Nos. 347 and 348, respectively.

Section 4. 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 books or records maintained by the Bond Registrar (the "Bond Register"). Such 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, canceling 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 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 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 to the registered owners on the interest payment date 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. Redemption Provisions. The City reserves the right to redeem the Bonds prior to their stated maturity on any interest payment date, in numerical order, lowest numbers first, at par plus accrued interest to the date fixed for redemption, whenever there shall be sufficient money in the Bond Fund to pay the Bonds so called and all earlier numbered Bonds over and above the amount required for the payment of the interest payable on that interest payment date on all unpaid Bonds.

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 redeemed or purchased under this section shall be canceled.

Section 7. Notice of Redemption. The City shall cause notice of any intended redemption of Bonds to be given not less than 15 nor more than 30 days prior to the date fixed
for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be
redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares
the notice, and the requirements of this sentence shall be deemed to have been fulfilled when
notice has been mailed as so provided, whether or not it is actually received by the owner of any
Bond. Interest on Bonds called for redemption shall cease to accrue on the date fixed for
redemption unless the Bond or Bonds 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 Dain Rauscher Incorporated at its principal office in Seattle, Washington, or its successor, and
to such other persons and with such additional information as the Finance Division Manager of
the City 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 each of those unpaid Bonds.

Section 9. Pledge of Assessment Payments. Assessments collected in Local
Improvement Districts Nos. 347 and 348, together with interest and penalties, if any, are pledged
to the payment of the Bonds which are payable solely out of the Bond Fund and the Local
Improvement Guaranty Fund of the City in the manner provided by law. The Bonds are not
general obligations of the City.

Section 10. 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 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, Consolidated Local Improvement District No. 347 and 348 Bonds 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 Bond so authenticated has been duly executed, authenticated, and delivered and is 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, issued, and delivered 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 Bond.
Section 11. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall 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 Certificates 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 Internal Revenue Code of 1986, as amended (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.

Section 14. Use of Bond Proceeds. The accrued interest on the Bonds received from the Bond purchaser shall be deposited in the Bond Fund used to pay debt service on the Bonds on the first interest payment date. The principal proceeds of the Bonds shall be used to finance the costs of repaying interim financing for Local Improvement Districts Nos. 347 and 348 and to pay the costs of issuance of the Bonds. 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 respective local improvement district funds or accounts therein and be spent for the purposes of those funds, and earnings subject to a federal tax or rebate requirement may be used for those tax or rebate purposes.

Section 15. Approval of Bond Purchase Contract. Dain Rauscher Incorporated 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 PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds printed on each definitive 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 or disclosure 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, 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 16. 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 17. Deposit of Additional City Funds. An appeal from an assessment in LID No. 348 has been filed with the City Clerk in the total amount of approximately $96,000. This appeal also has been filed with the King County Superior Court. While the City anticipates that the appeal can be defended successfully, the City shall provide from other available City funds and shall deposit promptly in the Bond Fund the total principal amount by which the assessment may be reduced by court judgment or settlement, together with interest for one year on such amount at the bond rate.
Section 18. Fixing Interest Rate on Assessments. The interest rates on the installments and delinquent payments of the special assessments in Local Improvement Districts Nos. 347 and 348 are revised and fixed at the rate of 5.68% per annum.

Section 19. Effective Date of Ordinance. This ordinance shall take effect and be in force five 95) days 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 4 day of Aug, 1998.
Approved the 5 day of Aug, 1998.
Published the 7 day of Aug, 1998.
CITY OF KENT, WASHINGTON
CONSOLIDATED LOCAL IMPROVEMENT
DISTRICT NO. 347 AND 348 BONDS
$942,617

PURCHASE CONTRACT

August 4, 1998

Mayor and Councilmembers
City of Kent
220 Fourth Avenue South
Kent, WA 98032-5895

Dear Mayor and Councilmembers:

Dain Rauscher Incorporated (the "Purchaser") offers to purchase from City of Kent, Washington (the "Seller"), and upon acceptance hereof the Seller will agree to sell to the Purchaser, all of the bonds described above ("Bonds") and on Appendix A (attached and incorporated herein by this reference), subject to the terms, conditions, covenants, representations and warranties contained in this Purchase Contract, including the Appendix.

Section 1. Purchase, Sale and Delivery of the Bonds.

(a) Appendix A contains a brief description of the Bonds and the purchase price, interest rates, maturity dates, redemption provisions and the date and time of delivery and payment (the "Closing Date") of the Bonds. The Bonds shall be as described in Appendix A, and in an Official Statement approved and signed by the Seller in accordance with paragraph (b) hereof satisfactory in form and substance to the Purchaser.

(b) The Seller authorizes the Purchaser to use and distribute the preliminary Official Statement. Ordinance No. 3413 (the "Bond Ordinance") passed as of this date, authorizes City officers to approve and execute the final Official Statement (together with the preliminary Official Statement, the "Official Statement"), this Purchase Contract and all information contained in them, and the documents, and certificates formally delivered to the Purchaser by the Seller as a bond issue legal transcript on the Closing Date in connection with the transactions contemplated by this Purchase Contract.
(c) The Bonds shall be delivered to the Purchaser in definitive or temporary form on the
Closing Date, duly executed by the authorized officers of the Seller, together with the
other documents described in this Purchase Contract. The Bonds shall be in registered
form, in such denominations as the Purchaser shall request by written notice to the
Seller not later than four business days prior to the Closing Date. Subject to the
provisions of this Purchase Contract, the Purchaser shall accept delivery of the Bonds
on the Closing Date and will pay the purchase price set forth in Appendix A, together
with accrued interest as applicable, payable in Federal funds as designated by the Seller.

(d) Purchaser will prepare a Bond Form 101 for filing pursuant to RCW 39.44.210-.220
and shall deliver a copy of the same, with evidence of filing, on the Closing Date, to the
Seller.

Section 2. Representations, Warranties and Agreements of the Seller.

The Seller represents, warrants and agrees with the Purchaser the matters set forth below;
which representations, warranties and agreements are true and in effect as of the date of this
Purchase Contract and shall be true and in effect as of the Closing Date:

(a) the Seller is a duly organized and existing municipal corporation with the full legal
right, power and authority to enter into and perform this Purchase Contract, to pass
the Bond Ordinance authorizing issuance of the Bonds, and to deliver and sell the
Bonds to the Purchaser, and to carry out all the other transactions contemplated by
this Purchase Contract, the Bond Ordinance, and the Official Statement;

(b) the Seller has duly and validly passed or will pass the Bond Ordinance before the
Closing Date, will take any and all action as will be necessary to carry out, give effect
to and consummate the transactions contemplated herein;

(c) this Purchase Contract, the Bond Ordinance, and the Bonds do not and will not
conflict with or create a breach or default under any existing law, regulation, or order,
or any agreement or instrument to which Seller is subject; which breach or default
would impair the authority of the Seller to issue the Bonds or the security for the
payment of the Bonds;

(d) all approvals, consents, authorizations, elections and orders of or filings or
registrations with any governmental authority, board, agency or commission having
jurisdiction which would constitute a condition precedent to, or the absence of which
would materially adversely affect, the performance by the Seller of its obligations
under this Purchase Contract, the Bond Ordinance, the Bonds, and any other
instruments contemplated in this transaction have been or will be obtained and in full
force and effect by the Closing Date provided that the Seller expresses no warranty
with respect to Purchaser's compliance with securities laws of any jurisdiction;
(e) the Bonds, when delivered in accordance with the Bond Ordinance and paid for by
the Purchaser on the Closing Date as provided herein, will be validly issued and
outstanding binding obligations of the Seller enforceable in accordance with their
terms, subject only to applicable bankruptcy, insolvency or other similar laws
generally affecting creditors' rights;

(f) the Official Statement (as supplemented with the approval of the Purchaser, if the
Official Statement shall have been supplemented) will be, as of the Closing Date,
true, correct and complete in all material respects and does not, and will not as of the
Closing Date, contain any untrue statement of a material fact or omit to state a
material fact required to be stated therein or necessary to make the statements therein,
in light of the circumstances under which they were made, not misleading;

(g) the Preliminary Official Statement, as of its date (except as to matters corrected or
added to the Final Official Statement) is accurate and complete in all material
respects;

(h) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by
any court, regulatory agency, public board or body, is pending or, to the knowledge of
the Seller, threatened in any way affecting the existence of the Seller or the titles of its
officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale
or delivery of the Bonds, the application of the proceeds thereof in accordance with
the Bond Ordinance, or in any way contesting or affecting the validity or
enforceability of the Bonds;

(i) any certificate signed by an authorized officer of the Seller shall be deemed a
representation and warranty by the Seller to the Purchaser as to the statements made
therein;

(j) the Seller will apply the proceeds of the Bonds in accordance with the Bond
Ordinance;

(k) the Seller 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 3. Conditions to the Obligations of the Purchaser.

The obligations of the Purchaser to accept delivery of and pay for the Bonds on the Closing
Date shall be subject to the accuracy in all material respects of the representations and warranties
on the part of the Seller contained herein as of this date and as of the Closing Date, to the
accuracy in all material respects of the statements of the officers of the Seller made in any
certificates or other documents furnished pursuant to the Purchase Contract, to the performance
by the Seller of its obligations to be performed hereunder at or prior to the Closing Date and to
the following additional conditions:

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(a) at the Closing Date, the Bond Ordinance shall have been duly authorized, executed and delivered by the Seller, and in substantially the form heretofore submitted to the Purchaser, with only such changes as shall have been agreed to in writing by the Purchaser, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Purchase Contract, all such actions as, in the opinion of either the Purchaser or the Seller, shall be necessary or appropriate;

(b) at the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Purchaser and the Seller;

(c) between the date hereof and the Closing Date, the marketability of the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Purchaser, by reason of any of the following:

(1) a material adverse change in the financial condition or general affairs of Seller;

(2) an event, court decision, proposed or adopted law or rule which would have a material adverse effect on the federal income tax incident to the Bonds or the contemplated transactions;

(3) an international or national crisis, suspension of stock exchange trading or banking moratorium materially affecting the marketability of the Bonds or the Purchaser's ability to deliver funds due to such banking moratorium;

(4) any event occurring, or information becoming known which makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) at or prior to the Closing, the Purchaser will have received from the Seller the following documents, in each case satisfactory in form and substance to the Purchaser acting reasonably:

(1) the Bonds, in definitive or temporary form, duly executed;

(2) the Bond Ordinance and the Official Statement, each duly executed on behalf of the Seller;

(3) the approving opinion of Foster Pepper & Shefelman PLLC. Bond Counsel, satisfactory to Purchaser, dated the Closing Date;
(4) a certificate setting forth the facts, estimates and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be used in a manner that could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code and applicable regulations;

(5) a certificate signed by an authorized officer of the Seller, to the effect that no litigation is pending, or to such officer's knowledge threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or adversely affecting the Seller's right or authority to carry out the terms and conditions of the Bond Ordinance.

(6) a certificate signed by an authorized officer of the Seller stating that execution of the certificate shall constitute execution of the Final Official Statement by the Seller, that the Final Official Statement, as of its date and as of the date of the Closing, to the knowledge and belief of such officer, after due review, does not contain any untrue statement of a material fact or omit to state any material fact which is necessary to make the statements therein, in light of the circumstances under which made, not misleading in any material respect, that there has not been any material adverse change in the operations and financial condition of the City relative to the source of assessments pledged as security for the Bonds nor in the general economy of the City except as described in the Final Official Statement, and the representations of the Seller contained in this Purchase Contract were true and correct when made and are true and correct as of the Closing; and

(7) such additional certificates, instruments or opinions or other evidence as the Purchaser may deem reasonably necessary or desirable to evidence the due authorization, execution, authentication and delivery of the Bonds, the truth and accuracy as of the time of the Closing of the Seller's representations and warranties, and the conformity of the Bonds and Bond Ordinance with the terms thereof as summarized in the Official Statement, and to cover such other matters as it reasonably requests.

Section 4. Expenses.

(a) Seller's Expenses

Whether or not the Purchaser accepts delivery of and pays for the Bonds as set forth herein, the Purchaser shall be under no obligation to pay, and the Seller shall pay or cause to be paid (out of the proceeds of the Bonds or any other legally available funds of the Seller) all expenses incident to the performance of the Seller's obligations hereunder, including but not limited to the cost of preparation, printing (and/or word processing and reproduction), distribution and delivery of the Bond Ordinance, Bond Counsel Fees, and any other fees of experts or consultants retained by the Seller in connection with the Bonds; travel costs of the Seller; preliminary and final official statement printing costs, bond printing costs, and any other
expenses not specifically enumerated in paragraph (b) of this Section incurred by the Seller in connection with the issuance of the Bonds.

(b) Purchaser's Expenses

Whether or not the Bonds are delivered to the Purchaser as set forth herein, the Seller shall be under no obligation to pay, and the Purchaser shall pay, any "blue sky" and legal investment memoranda; this Purchase Contract; the Purchaser's out-of-pocket and travel expenses; and all other expenses incurred by the Purchaser in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the fees and disbursements of its counsel, preliminary and final official statement preparation costs, and all advertising expenses in connection with the public offering of the Bonds.

Section 5. Parties in Interest.

This Purchase Contract is made solely for the benefit of the Seller and the Purchaser (including successors or assigns of the Purchaser) and no other person shall acquire or have any right hereunder or by virtue hereof.

Section 6. Survival of Representations, Warranties, and Agreements.

The representations and warranties of the Seller, set forth in or made pursuant to this Purchase Contract, shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the delivery of the Bonds or termination of this Purchase Contract and regardless of any investigations or statements as to the results thereof made by or on behalf of the Purchaser and regardless of delivery of and payment for the Bonds. Should the Purchaser fail (other than for reasons permitted in this Purchase Contract) to pay for the Bonds at Closing, any expenses incurred shall be borne in accordance with Section 4. Should the Seller fail to satisfy any of the foregoing conditions or covenants, or if the Purchaser's obligations are terminated for any reason permitted under the Purchase Contract, then neither Purchaser nor Seller shall have any further obligations under this Purchase Contract.

Section 7. Notice.

Any written notice required by this Purchase Contract shall be sent to the Seller at its offices located at City of Kent, 220 4th Avenue South, Kent, Washington 98032-5895, and to the Purchaser at Dain Rauscher Incorporated, Public Finance Department, 1201 Third Avenue, Suite 2500, Seattle, Washington 98101.
Section 8. Effective Date.

This offer expires on the date and at the time set forth on Appendix A. This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Seller and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

DAIN RAUSCHER INCORPORATED
By: [Signature]
David Trageser
Vice President

Accepted By:

CITY OF KENT, WASHINGTON
This 4th day of August, 1998.
By: [Signature]
Title: Mayor
APPENDIX A
CITY OF KENT, WASHINGTON
$942,617
Consolidated Local Improvement District No. 347 and 348 Bonds

Terms

Dated Date: August 1, 1998

Due: September 1, 2015

Interest Payments: September 1 each year, beginning September 1, 1999 to maturity or earlier redemption.

Optional Redemption: The City reserves the right to redeem the Bonds on any interest payment date beginning September 1, 1999 in ascending order by bond number as outlined in the Bond Ordinance.

Description:

<table>
<thead>
<tr>
<th>ESTIMATED REDEMPTION SEPTEMBER 1</th>
<th>TYPE OF BOND</th>
<th>COUPON</th>
<th>YIELD</th>
<th>ISSUANCE VALUE</th>
<th>PRICE</th>
<th>BOND NUMBER</th>
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<td>1999</td>
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<td>4.300%</td>
<td>4.300%</td>
<td>$62,617.00</td>
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<td>2000</td>
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<td>$65,000.00</td>
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<td>13-25</td>
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</tbody>
</table>

$942,617.00

BID INFORMATION

Par Amount of Bonds $942,617.00
Total Underwriter's Discount (11,311.11)
Underwriter's Counsel (750.00)
POS and OS Printing and Distribution (900.00)
Accrued Interest 2,078.22
Total Purchase Price $931,734.11
Average Life 7.910 Years
Average Coupon 5.175%
Net Interest Cost (NIC) 5.326%
True Interest Cost (TIC) 5.274%

Anticipated Closing Date: August 17, 1998
Offer Expires: August 4, 1998 11:59 p.m.
ORDINANCE

No. 3413

Establishing Consolidated Local Improvement District No. 347 + 348 + Consolidated Local Improvement Fund