ORDINANCE NO. 3607

AN ORDINANCE of the City Council of the City of Kent, Washington, relating to contracting indebtedness, providing for the issuance of $13,685,000 par value of Limited Tax General Obligation Bonds, 2002, of the City for general City purposes to provide funds with which to finance a variety of capital projects and the costs of issuance and sale of such bonds, fixing the date, form, maturities, interest rates, terms and covenants of the bonds, providing for bond insurance, establishing a bond redemption fund and a projects fund; and approving the sale and providing for the delivery of the bonds to Lehman Brothers Inc. of Seattle, Washington

PASSED JULY 16, 2002

This document prepared by

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LTGO Bonds, 2002
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WHEREAS, the City of Kent, Washington (the "City"), is in need of financing various capital projects which are more particularly described in Exhibit A to this ordinance, the estimated cost of which is $13,685,000, and the City does not have available sufficient funds to pay the cost, and

WHEREAS, the MBIA Insurance Corporation of Armonk, New York ("Bond Insurer"), has made a commitment to issue an insurance policy (the "Financial Guaranty Insurance Policy") insuring the payment when due of the principal of and interest on the Bonds as provided therein, and the City Council of the City deems that the purchase of the Financial Guaranty Insurance Policy is in the best interest of the City, and

WHEREAS, Lehman Brothers Inc of Seattle, Washington, has offered to purchase the bonds authorized herein under the terms and conditions hereinafter set forth in the form of a bond purchase contract, NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS

LTGO Bonds, 2002
SECTION 1 - Definitions. As used in this ordinance, the following words shall have the following meanings

"Bond Fund" means the Limited Tax General Obligation Bond Fund, 2002, created by this ordinance for the payment of the Bonds.

"Bond Insurer" means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York.

"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 collectively, the fiscal agent and co-fiscal agent of the State of Washington, as the same may be designated from time to time.

"Bonds" means the $13,685,000 par value Limited Tax General Obligation Bonds, 2002, of the City issued pursuant to and for the purposes provided in 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.

"DTC" means The Depository Trust Company, New York, New York.

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

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

"Letter of Representations" means the Blanket Issuer Letter of Representations dated March 16, 1999, between the City and DTC, as it may be amended from time to time.

"Projects" means the capital projects as identified in Exhibit A, attached hereto and by this reference made a part hereof.

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 2002 is $7,582,349,300, and the City as of April 30, 2002, has outstanding general indebtedness evidenced by limited tax general obligation bonds, loans, leases and conditional sales contracts in the principal amount of $76,452,874 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 $8,940,000 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 $13,685,000

**SECTION 3 - Authorization and Purposes 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 $13,685,000 for general City purposes to provide the funds to finance part of the costs of the Projects and to pay 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

The City shall issue the bonds in the manner described in this ordinance and spend the proceeds thereof to pay or reimburse costs of the Projects  The costs of all necessary architectural, engineering, legal and other consulting services, inspection and testing, administrative and relocation expenses, interim interest expenses, site acquisition or improvement, demolition, on and off-site utilities, related improvements and all other costs incurred in connection with the making or acquiring of the improvements constituting the Projects shall be deemed a part thereof  The Projects shall include all necessary furniture, equipment and appurtenances

The City Council shall determine the application of available money between the various parts or elements of the Projects so as to accomplish, as near as
may be, all improvements and acquisitions described. The City Council also shall determine as appropriate the exact order, features, extent and specifications for the Projects.

If the City Council shall determine in its discretion that it has become impractical to accomplish any of such improvements and acquisitions or portions thereof by reason of state or local circumstances, including, but not limited to, changed conditions or needs, regulatory considerations, incompatible development or costs substantially in excess of those estimated, the City shall not be required to accomplish such improvements and acquisitions and may apply the bond proceeds or any portion thereof to other portions of the improvements and acquisitions, to other proper purposes as the City Council may direct, or to payment of principal of or interest on the Bonds.

SECTION 4 - Description of Bonds. The Bonds shall be in the aggregate principal amount of $13,685,000, shall be dated July 30, 2002, shall be in the denomination of $5,000 or any integral multiple thereof within a single maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each June 1 and December 1, commencing December 1, 2002, to the maturity or earlier redemption of the Bonds, and shall mature on December 1 in years and amounts and bear interest at the rates per annum as follows.
<table>
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<th>Maturity Years</th>
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<tr>
<td>2003</td>
<td>$ 565,000</td>
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<td>2004</td>
<td>575,000</td>
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<tr>
<td>2005</td>
<td>595,000</td>
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<td>2006</td>
<td>620,000</td>
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<td>2011</td>
<td>750,000</td>
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<tr>
<td>2012</td>
<td>785,000</td>
<td>4.000</td>
</tr>
<tr>
<td>2013</td>
<td>570,000</td>
<td>4.125</td>
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<tr>
<td>** 2014 **</td>
<td>** 595,000**</td>
<td>** 4.250**</td>
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The term of the Bonds allocated to the various Projects does not exceed the expected lives of the Projects to be financed with the proceeds 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.

The Bonds initially shall be registered in the name of Cede & Co, as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by
DTC as depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal or interest on the Bonds, or any notice which is permitted or required to be given to registered owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC).

For as long as any Bonds are held in fully immobilized form, DTC, its nominee or its successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominee and shall not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it, (ii) to any substitute depository appointed by the City or such substitute depository’s successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the City that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the City may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in fully immobilized form.
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 registered owners. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations.

SECTION 7. - Redemption Provisions and Open Market Purchase of Bonds  Bonds maturing in the years 2003 through 2012, inclusive, shall be issued without the right or option of the City to redeem those Bonds prior to their stated maturity dates. The City reserves the right and option to redeem the Bonds maturing on or after December 1, 2013, prior to their stated maturity dates at any time on or after December 1, 2012, as a whole or in part (within one or more maturities selected by the City and randomly within a maturity in such manner as the Bond Registrar shall determine), at par plus accrued interest to the date fixed for redemption.

Bonds maturing in 2022 are Term Bonds and, if not redeemed under the optional redemption provisions set forth above or purchased in the open market under the provisions set forth below, shall be called for redemption randomly (in such manner as the Bond Registrar shall determine) at par plus accrued interest on December 1 in years and amounts as follows.
If the City shall redeem Term Bonds under the optional redemption provisions set forth above or purchase Term Bonds in the open market as set forth below, the par amount of the Term Bonds so redeemed or purchased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds (as allocated by the City) beginning not earlier than 60 days after the date of the optional redemption or purchase, and the City shall promptly notify the Bond Registrar in writing of the manner in which the credit for the Term Bonds so redeemed or purchased has been allocated.

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 plus accrued interest to the date of purchase.

All Bonds purchased or redeemed under this section shall be canceled.
Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

**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 registered 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 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 Armonk, New York, or its successor, to each NRMSIR or the MSRB 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. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, notice of redemption shall be given in accordance with the Letter of Representations.

**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 redemption 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, 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 Bonds, 2002, described in the Bond Ordinance.

WASHINGTON STATE FISCAL
AGENT, 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, 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 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.

**SECTION 14 - 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
If money and/or direct obligations of the United States of America maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund 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 Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

Notwithstanding anything in this section to the contrary, if the principal of and/or interest due on the Bonds is paid by the Bond Insurer pursuant to the Financial Guaranty Insurance Policy, the Bonds shall be treated as remaining outstanding for all purposes and 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 run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of the registered owners.
SECTION 15 - Bond Fund and Deposit of Bond Proceeds

The Bond Fund is created and established in the office of the Finance Director as a special fund designated as the Limited Tax General Obligation Bond Fund, 2002, for the purpose of paying principal of and interest on the Bonds. 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 and other funds collected for and allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

There also is created and established in the office of the Finance Director a special fund designated as the 2002 LTGO Projects Fund (the “Projects Fund”). The principal proceeds and net original issue premium, if any, received from the sale and delivery of the Bonds shall be paid into the Projects Fund and used to pay the costs of the Projects and 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 Projects 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 Projects Fund and used for those tax or rebate purposes.

SECTION 16 - 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 PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds.
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 17 - Preliminary Official Statement Deemed Final**

The City Council has been provided with copies of a preliminary official statement dated July 8, 2002 (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 18 - Undertaking to Provide Continuing Disclosure**

To meet the requirements of United States Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the "Rule"), as applicable to a participating underwriter for the Bonds, the City makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(a) **Undertaking to Provide Annual Financial Information and Notice of Material Events**

The City undertakes to provide or cause to be provided, either directly or through a designated agent:

(i) To each nationally recognized municipal securities information repository designated by the SEC in accordance with the Rule ("NRMSIR") and to a state information depository, if any, established in the State of Washington (the "SID") annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information"),

(ii) To each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB"), and to the SID, timely notice of the occurrence of any of the following events with respect to the Bonds, if material:

- principal and interest payment
delinquencies, (2) non-payment related defaults, (3) unscheduled draws on debt service reserves reflecting financial difficulties, (4) unscheduled draws on credit enhancements reflecting financial difficulties, (5) substitution of credit or liquidity providers, or their failure to perform, (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds, (7) modifications to rights of holders of the Bonds, (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds), (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, and (11) rating changes, and

(iii) To each NRMSIR or to the MSRB, and to the SID, timely notice of a failure by the City to provide required annual financial information on or before the date specified in subsection (b) of this section

(b) Type of Annual Financial Information Undertaken to be Provided The annual financial information that the City undertakes to provide in subsection (a) of this section

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles promulgated by the Government Accounting Standards Board ("GASB"), as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) a statement of the City's general obligation debt service requirements, and (3) an update of the information set forth in tables 1, 4, 5, 6, 7 and 8 of the Official Statement for the Bonds;

(ii) Shall be provided to each NRMSIR and the SID, not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2002, and

(iii) May be provided in a single or multiple documents, and may be incorporated by reference to other documents that have been filed with each NRMSIR and the SID, or, if the document incorporated by reference is a "final official statement" with respect to other obligations of the City, that has been filed with the MSRB
(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency, NRMSIR, the SID or the MSRB, under the circumstances and in the manner permitted by the Rule.

The City will give notice to each NRMSIR or the MSRB, and the SID, of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the City and any holder of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of the Rule which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to each NRMSIR or the MSRB and the SID.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director (or such other officer of the City who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the City in respect of the Bonds set forth in this section.
and in accordance with the Rule, including, without limitation, the following actions

(i) Preparing and filing the annual financial information undertaken to be provided,

(ii) Determining whether any event specified in subsection (a) has occurred, assessing its materiality with respect to the Bonds, and, if material, preparing and disseminating notice of its occurrence,

(iii) Determining whether any person other than the City is an “obligated person” within the meaning of the Rule with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of material events for that person in accordance with the Rule,

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out the Undertaking, and

(v) Effecting any necessary amendment of the Undertaking

**SECTION 19 - Bond Insurance** The City Council finds that it is in the City’s best interest to purchase, and that a savings will result from purchasing, the Financial Guaranty Insurance Policy for the Bonds

The City Council finds that it is in the City’s best interest to purchase, and that a savings will result from purchasing, the Financial Guaranty Insurance Policy for the Bonds. The City shall purchase from the Bond Insurer the Financial Guaranty 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 and the following provisions entitled “Payments under the Policy” required by the Bond Insurer to be included in this ordinance.
“A  In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Obligations, the Paying Agent [the Bond Registrar] has not received sufficient moneys to pay all principal of and interest on the Obligations due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

“B  If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee.

“C  In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Obligation to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

“D  The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Obligations as follows

1. If and to the extent there is a deficiency in amounts required to pay interest on the Obligations, the Paying Agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Policy (the “Insurance Paying Agent”), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders, and

2. If and to the extent of a deficiency in amounts required to pay principal of the Obligations, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument
appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Obligation surrendered to the Insurance Paying agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders

"E Payments with respect to claims for interest on and principal of Obligations disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Issuer with respect to such Obligations, and the Insurer shall become the owner of such unpaid Obligations and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise

"F Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent hereby agree for the benefit of the Insurer that

"1 They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Obligations, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer, with interest thereon as provided and solely from the sources stated in this Indenture and the Obligations, and

"2 They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Obligations, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Obligations to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

"G. In connection with the issuance of additional Obligations, the Issuer shall deliver to the Insurer a copy of the disclosure document,
if any, circulated with respect to such additional Obligations

“H Copies of any amendments made to the documents
executed in connection with the issuance of the Obligations which are
consented to by the Insurer shall be sent to Standard & Poor’s
Corporation

“I The Insurer shall receive notice of the resignation or
removal of the Paying Agent and the appointment of a successor thereto

“J The Insurer shall receive copies of all notices required to
be delivered to Bondholders and, on an annual basis, copies of the
Issuer’s audited financial statements and Annual Budget.

“Notices Any notice that is required to be given to a holder of the
Obligation or to the Paying Agent pursuant to the Indenture shall also be
provided to the Insurer. All notices required to be given to the Insurer
under the Indenture shall be in writing and shall be sent by registered or
certified mail addressed to MBIA Insurance Corporation, 113 King Street,
Armonk, New York 10504 Attention Surveillance.”

“The Issuer/Obligor agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted
by law, for all reasonable expenses, including attorneys’ fees and
expenses, incurred by the Insurer in connection with (i) the enforcement
by the Insurer of the Issuer’s/Obligor’s obligations, or the preservation
or defense of any rights of the Insurer, under this Ordinance and any
other document executed in connection with the issuance of the
Obligations, and (ii) any consent, amendment, waiver or other action
with respect to the Ordinance or any related document, whether or not
granted or approved, together with interest on all such expenses from
and including the date incurred to the date of payment at Citibank’s
Prime Rate plus 3% or the maximum interest rate permitted by law,
whichever is less. In addition, the Insurer reserves the right to charge
a fee in connection with its review of any such consent, amendment or
waiver, whether or not granted or approved.”

Any notices required to be given under the terms of this Ordinance shall also be
given to the Bond Insurer, Attn Insured Portfolio Management

SECTION 20 - Severability If any one or more sections, subsections,
or sentences of this ordinance are held to be unconstitutional or invalid, such decision
shall not affect the validity of the remaining portion of this ordinance and the same shall
remain in full force and effect.
SECTION 21. - **Effective Date** This ordinance shall take effect and be in force five (5) days from and after its passage, approval and publication as provided by law.

![Signature]

Judy Woods  
IM WHITE, MAYOR PRO TEM

ATTEST

Brenda Jacober  
BRENDA JACOBER, CITY CLERK

APPROVED AS TO FORM

![Signature]

TOM BRUBAKER, CITY ATTORNEY

PASSED  16 day of July, 2002

APPROVED  16 day of July, 2002

PUBLISHED  20 day of July, 2002

I hereby certify that this is a true copy of Ordinance No. 3607, passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

(SEAL)

BRENDA JACOBER, CITY CLERK

LTGO Bonds, 2002
## EXHIBIT A

### PROJECT DESCRIPTION

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
<th>Council Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tech Plan II</td>
<td>Public Safety System, back bone replacement and other technology upgrades</td>
<td>5/21/2002</td>
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<tr>
<td>Campus Expansion/Renovation</td>
<td>City campus expansion/renovation and earthquake building reinforcements</td>
<td>6/4/2002</td>
</tr>
<tr>
<td>Street Improvements</td>
<td>Corridors/streets/transportation improvements</td>
<td>6/18/2002</td>
</tr>
<tr>
<td>Kent Station Project</td>
<td>Repayment to the Water Fund for public purpose land and other related costs</td>
<td>12/12/2002</td>
</tr>
<tr>
<td></td>
<td>Street improvements, wiring and other infrastructure costs</td>
<td>6/18/2002</td>
</tr>
</tbody>
</table>