ORDINANCE NO. 3642

AN ORDINANCE of the city council of the city of Kent, Washington, relating to local improvement districts (1) establishing Consolidated Local Improvement District No 350 et al and Consolidated Local Improvement Fund, District No 350 et al.; (2) fixing the amount, form, date, interest rate, and maturity of the Consolidated Local Improvement District No 350 et al Bond, (3) providing for the sale and delivery thereof to Bank of America, N A of Seattle, Washington, and (4) fixing the interest rate on local improvement district assessment installments.

PASSED APRIL 15, 2003

This document prepared by

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ORDINANCE NO. ______

AN ORDINANCE of the city council of the city of Kent, Washington, relating to local improvement districts (1) establishing Consolidated Local Improvement District No. 350 et al and Consolidated Local Improvement Fund, District No. 350 et al, (2) fixing the amount, form, date, interest rate, and maturity of the Consolidated Local Improvement District No. 350 et al Bond, (3) providing for the sale and delivery thereof to Bank of America, N.A. of Seattle, Washington; and (4) 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. 350, 352 and 354 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.

2 Consolidated LID Bond Ordinance- LIDs 350, 352, and 354.
**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. 350 et al.

<table>
<thead>
<tr>
<th>Local Improvement District No.</th>
<th>Created by Ordinance No</th>
<th>Assessment Balance After 30-day Prepayment Period</th>
<th>Term of Roll</th>
</tr>
</thead>
<tbody>
<tr>
<td>350</td>
<td>3397</td>
<td>$466,359.36</td>
<td>10 years</td>
</tr>
<tr>
<td>352</td>
<td>3452</td>
<td>$525,791.92</td>
<td>10 years</td>
</tr>
<tr>
<td>354</td>
<td>3540</td>
<td>$371,287.23</td>
<td>10 years</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. 350 et al. a special consolidated local improvement district fund to be known and designated as Consolidated Local Improvement Fund, District No. 350 et al (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 received after the end of the respective legal prepayment period for each district 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. 350 et al bonds.

**SECTION 3. - Authorization and Description of the Bond**  
A single Consolidated Local Improvement District No. 350 et al Bond (the "Bond") shall be issued in the total principal sum of $1,363,438.51, being the total amount on the assessment rolls of Local Improvement Districts Nos. 350, 352 and 354 remaining uncollected after the expiration of the 30-day interest-free prepayment period. Bank of...
Amenca, N.A. of Seattle, Washington (the “Bank”) has offered to purchase the Bond under the terms of its purchase offer dated March 13, 2003 (the “Offer”), and this ordinance. The Bond shall be dated its date of issuance, shall mature on March 1, 2015, and shall be numbered R-1, in the manner and with any additional designation as the Bond Registrar (the Finance Director of the City, who is hereby appointed as Bond Registrar, located in Kent, Washington) deems necessary for the purpose of identification. Interest shall be computed on the basis of twelve 30-day months and a 360-day year, shall bear interest at the rate of 3.75% per annum, payable annually on each March 1, commencing March 1, 2004 (the “Interest Payment Date”) to maturity or prepayment. Principal is payable at maturity or early prepayment.

SECTION 4 - Registration and Transfer of Bond, Bond Registrar. The Bond shall be issued to the Bank 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”). The Bond Register shall contain the name and mailing address of the owner of the Bond and the principal amount and number of the Bond.

The Bond may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Bond to any successor to the business and assets of the Bank.

The Bond Registrar shall keep, or cause to be kept, at her office, sufficient books for the registration of the Bond. The Bond Registrar shall serve as the City’s authenticating trustee, transfer agent, registrar and paying agent for the Bond and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond in accordance with the provisions of the Bond, the Offer and this ordinance, to serve as the City’s paying agent for the Bond and to carry out all of the Bond Registrar’s powers and duties under this ordinance.
The Bond shall state on its face that the principal of and interest on the Bond shall be paid only to the owner thereof registered as such on the Bond Register as of the record date set forth therein and to no other person or entity, and that the Bond may not be assigned except on the books of the Bond Registrar.

**SECTION 5 - Payment of Bond**  Both principal of and interest on the Bond 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 Bond shall be paid by check or draft mailed, or by electronic funds transfer, to the Bank on the Interest Payment Date at the address appearing on the Bond Register. Upon the final payment of principal of and interest on the Bond, at maturity or prior repayment, the registered owner shall surrender the Bond at the office of the Bond Registrar in Kent, Washington, for destruction or cancellation in accordance with law.

**SECTION 6. - Prepayment and Redemption of Bond**  On each Interest Payment Date, the City shall apply all amounts remaining in the Bond Fund, after payment of accrued interest, to the prepayment at par of outstanding principal of the Bond.

Interest on the Bond or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

The Bond when fully redeemed under this section shall be cancelled.

**SECTION 7. - Failure to Redeem Bond.**  If the Bond is not redeemed when properly presented at its maturity or prepayment date, the City shall be obligated to pay interest on the Bond at the same rate provided in the Bond from and after its maturity or prepayment date until the 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.

5  Consolidated LID Bond Ordinance- LIDs 350, 352, and 354.
SECTION 8. - Pledge of Assessment Payments  Assessments collected in Local Improvement Districts Nos 350, 352 and 354, together with interest and penalties, if any, are pledged to the payment of the Bond, which is payable solely out of the Bond Fund and the Local Improvement Guaranty Fund of the City in the manner provided by law. The Bond is not a general obligation of the City.

SECTION 9 - Form and Execution of Bond  The Bond 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.

The Bond shall bear a Certificate of Authentication in the following form, manually signed by the Bond Registrar, and only if so executed, shall the Bond be valid or obligatory for any purpose or entitled to the benefits of this ordinance.

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered City of Kent, Washington, Consolidated Local Improvement District No. 350 et al. Bond described in the Bond Ordinance

By [Signature]
Finance Director of the City of Kent, Washington, Bond Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond when 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 Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her facsimile signature is authenticated or delivered by the Bond Registrar or issued by the City, the Bond 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. The 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 10 - Preservation of Tax Exemption for Interest on the Bond

The City covenants that it will take all actions necessary to prevent interest on the
Bond 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 Bond or other
funds of the City treated as proceeds of the Bond at any time during the term of the
Bond which will cause interest on the Bond to be 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 11. - Small Governmental Issuer Arbitrage Rebate Exception

and Designation of the Bond as a "Qualified Tax-Exempt Obligation" The City finds
and declares that (a) it is a duly organized and existing governmental unit of the State
of Washington and has general taxing power, (b) the Bond is not a "private activity
bond" within the meaning of Section 141 of the United States Internal Revenue Code
of 1986, as amended (the "Code"); (c) at least 95% of the net proceeds of the Bond will
be used for local governmental activities of the City (or of a governmental unit the
jurisdiction of which is entirely within the jurisdiction of the City); (d) the aggregate
face amount of all tax-exempt obligations (other than private activity bonds and other
obligations not required to be included in such calculation) issued by the City and all
entities subordinate to the City (including any entity which the City controls, which
derives its authority to issue tax-exempt obligations from the City or which issues
tax-exempt obligations on behalf of the City) during the calendar year in which the
Bond is issued is not reasonably expected to exceed $5,000,000; and (e) the amount of
tax-exempt obligations, including the Bond, designated by the City as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed $10,000,000. The City therefore certifies that the Bond is eligible for the arbitrage rebate exception under Section 148(f)(4)(D) of the Code and designates the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code.

**SECTION 12 - Use of Bond Proceeds**  Principal proceeds of the Bond shall be used to finance the costs of the improvements in Local Improvement Districts Nos. 350, 352 and 354, including the repayment of any interim financing for those improvements, and to pay the costs of issuance of the Bond. 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 13. - Approval of Offer**  Bank of Amerca, N.A. of Seattle, Washington, has presented the Offer to the City offering to purchase the Bond under the terms and conditions provided in the Offer, which written Offer is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that accepting the Offer is in the City's best interest and therefore accepts the Offer contained therein and covenants to comply with its terms and conditions.

A Bank counsel review fee of $500 shall be paid to the Bank at closing and may be paid from bond proceeds or other money of the City. An arrangement fee of $9,500 shall be paid to Banc of America Securities, LLC at closing.

The Bond will be printed at City expense and will be delivered to the purchaser in accordance with the Offer, with the approving legal opinion of Foster.
Pepper & Shefelman PLLC, municipal bond counsel of Seattle, Washington, regarding the Bond

The proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Bond to the purchaser and for the proper application and use of the proceeds of the sale thereof.

SECTION 14 - Fixing Interest Rate on Assessments  The interest rates on the installments and delinquent payments of the special assessments in Local Improvement Districts Nos 350, 352 and 354 are revised and fixed at the rate of 4.25% per annum.

SECTION 15 - Effective Date of Ordinance. This ordinance shall take effect and be in force five (5) days from and after its passage and five (5) days following its publication as required by law.

JIM WHITE, MAYOR

BRENDA JACOBER, CITY CLERK

SPECIAL COUNSEL AND BOND COUNSEL FOR THE CITY

Consolidated LID Bond Ordinance- LIDs 350, 352, and 354.
PASSED: 15 day of April, 2003
APPROVED 15 day of April, 2003
PUBLISHED: 19 day of April, 2003

I hereby certify that this is a true copy of Ordinance No. 3642 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 Jacob (SEAL)
BRENDA JACOBER, CITY CLERK