ORDINANCE NO. 3655

AN ORDINANCE of the City Council of the City of Kent, Washington, authorizing the acquisition of personal property and the execution of a financing contract with the Office of the State Treasurer and authorizing the Mayor to execute all required documentation relating to the acquisition of said personal property for energy audit capital improvements on city buildings.

WHEREAS, on November 19, 2002, the city council authorized the mayor to sign all necessary documents to allow Washington Department of General Administration to conduct an energy audit on city buildings and potentially to borrow from the State Treasury for any recommended conservation measures, with repayment to the state over a ten (10) year period, based on realized energy savings, and

WHEREAS, an audit was completed that noted an extensive list of conservation recommendations, attached and incorporated as Exhibit A, and

WHEREAS, the cost of the audit was $43,622.00, and the cost for the proposed conservation measures including the audit is $1,285,409.00; and

1 Energy Audit Capital Improvements
For City Buildings
WHEREAS, the City of Kent (the "Local Agency") has executed a Notice of Intent to the Office of State Treasurer, in the form attached and incorporated as Annex 1 (the "NOI"), in relation to the acquisition of and the financing of the acquisition of the personal property identified in Annex I (the "Property"), under the provisions of Chapter 39 94 RCW, and

WHEREAS, the City has negotiated with the State Treasury to borrow funds, making payments twice annually for ten (10) years using the savings from reduced energy consumption to cover the cost of the improvements, and

WHEREAS, it is deemed necessary and advisable that the City enter into a Local Agency Financing Contract with the Office of the State Treasurer, in the form attached and incorporated as Annex 2 (the "Financing Contract"), in an amount not to exceed $1 2 Million, in order to acquire the Property and finance the acquisition of the Property and related financing costs, and

WHEREAS, the City will undertake to acquire the personal Property on behalf of and as agent of the Washington Finance Officers Association (the "WFOA") pursuant to the terms of the Financing Contract, and in accordance with all applicable purchasing statutes and regulations applicable to the City; and

WHEREAS, the City desires to appoint the individuals set forth in Annex 3 as the City’s representatives in connection with the acquisition of the personal property and the execution of the Financing Contract (each an "Authorized Agency Representative"), NOW THEREFORE,

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

2 Energy Audit Capital Improvements For City Buildings
SECTION 1. The individuals holding the offices or positions set forth in Annex 3 are each hereby appointed as representatives of the Local Agency in connection with the acquisition of the identified Property and the execution of the Financing Contract and all other related documents. A minimum of one (1) Authorized Agency Representatives shall be required to execute any one (1) document in order for it to be considered duly executed on behalf of the Local Agency.

SECTION 2. The form of the Financing Contract attached as Annex 2 is approved, and the Authorized Agency Representatives are authorized and directed to execute and deliver the Financing Contract, in an amount not to exceed $1,285,409.00 and in substantially the form attached with those changes as may be approved by the Authorized Agency Representatives for the acquisition of the Property and for the financing of the acquisition of the property and related financing costs.

SECTION 3. The City authorizes the acquisition of the Property as agent of the WFOA in accordance with the terms and provisions of the Financing Contract.

SECTION 4. The Authorized Agency Representatives are authorized to execute and deliver to the Office of the State Treasurer all other documents, agreements, and certificates, and to take all other action that any of them deem necessary or appropriate in connection with the financing of the Property, including, but not limited to, any amendment to the NOI and any agreements relating to initial and ongoing disclosure in connection with the offering of securities related to the financing.

SECTION 5. If any section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance.
SECTION 6. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

SECTION 7. This ordinance shall take effect and be in force thirty (30) days from and after its passage as provided by law.

JIM WHITE, MAYOR

ATTEST:

BRENDA JACOBER, CITY CLERK

APPROVED AS TO FORM:

TOM BRUBAKER, CITY ATTORNEY

PASSED 5 day of August, 2003
APPROVED 6 day of August, 2003.
PUBLISHED 9 day of August, 2003

I hereby certify that this is a true copy of Ordinance No. 3655 passed by the City Council of the City of Kent, Washington, and approved by the Mayor of the City of Kent as hereon indicated.

BRENDA JACOBER, CITY CLERK

Energy Audit Capital Improvements For City Buildings
EXHIBIT A

CITY OF KENT

CONSERVATION MEASURES
RECOMMENDATIONS
A. PROJECT DESCRIPTION

The project consists of retrofit and replacement of various mechanical, controls and lighting systems at The City of Kent.

This project addresses the need to replace failed equipment in the City Hall and Commons, while also switching to gas heat for much of the year. Control improvements will be performed to save energy and improve comfort in various buildings. Lighting systems in the majority of the City buildings will be retrofit or replaced; saving energy and improving light levels, visibility, and color rendering.

Below is a list of the measures to be installed:

1. Mechanical Systems

   **City Hall**
   - Replace chillers with water-cooled chillers and cooling tower, install CO₂ sensors, rebalance HVAC system, commission
   - Install new boiler and pre-heat coils in the air handlers

   **Centennial Center**
   - Commission HVAC system
   - Upgrade energy management system (EMS) to graphics based system
   - Add barometric damper to exhaust fan, control W/C exhaust fans on EMS

   **Kent Commons**
   - Add HW boiler, convert FCU’s to 2-pipe system
   - Install CO₂ sensors to control outside air for gyms and meeting areas
   - Add mechanical cooling to gym
   - Commission HVAC system, check controls for gym AHU’s and chilled water pumps
   - Install occupancy sensors in gym and meeting areas

   **City Hall Annex**
   - Add building to EMS network
   - Replace air handlers with new units using outside air economizers
   - Install EMS controls, economizer, occupancy and CO₂ sensors, commission system

   **Senior Center**

   **Commission HVAC System**
Kent Historical Society Museum
Install DDC Thermostat
Commission HVAC System

Riverbend 18-Hole Golf Course
Replace electric heat with hot water coil for FC-5
Commission HVAC System
Electrically Sub meter Restaurant area
GC-M6 install occupancy sensors to reduce electric heat in W/C
GC-M7 Block off breezeway opening

Fire Station #71
Add door switches to EMS
Upgrade space sensors for Co-Ray-Vac systems in all stations

Fire Station #73
Add (2) two gas domestic hot water heaters (keep electric as back-up)

Fire Station #74
Add gas domestic hot water heaters (keep electric as back-up)

2. Lighting Systems

Retrofit and replace existing lighting systems - City Hall, Centennial Center, Kent Commons, City Hall Annex, Resource Center, Senior Center, Riverbend 18-Hole Golf Course and Restaurant, Fire Station #71, Fire Station #72, Fire Station #73, Fire Station #74, Fire Station #75, Fire Station #76, Corrections Building, Municipal Parking Lot, Police Building and Gowe Street Station
# Financial Analysis

Project: City of Kent Energy Services  
Date: September 10, 2002

## I. Project Costs & Energy Savings

### Project Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost 1</th>
<th>Cost 2</th>
<th>Total</th>
<th>Cost 1</th>
<th>Cost 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Audit</td>
<td>$43,622</td>
<td>-</td>
<td>$43,622</td>
<td></td>
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<tr>
<td>Estimated Labor and Material Cost</td>
<td>$735,235</td>
<td>$239,540</td>
<td>$974,775</td>
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<tr>
<td>Design @ 8.0% of Labor &amp; Material</td>
<td>$58,819</td>
<td>-</td>
<td>$58,819</td>
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<td></td>
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<tr>
<td>Design @ 6.0% of Labor &amp; Material</td>
<td>-</td>
<td>$14,372</td>
<td>$14,372</td>
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<tr>
<td>Construction Mgmt @ 8.0% of Labor &amp; Material</td>
<td>$44,114</td>
<td>$14,372</td>
<td>$58,486</td>
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<td>Bonding @ 1.5% of Labor &amp; Material</td>
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<td>$3,563</td>
<td>$14,622</td>
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<tr>
<td>ESCO overhead and profit @ 15.0% of Labor &amp; Material</td>
<td>$117,830</td>
<td>$39,328</td>
<td>$155,558</td>
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<tr>
<td>Construction period financing @ 1.0% of Labor &amp; Material</td>
<td>$7,352</td>
<td>$2,395</td>
<td>$9,747</td>
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<tr>
<td>Subtotal</td>
<td>$1,017,808</td>
<td>$313,650</td>
<td>$1,331,408</td>
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<tr>
<td>Construction contingency @ 5% of CG</td>
<td>$35,762</td>
<td>$11,977</td>
<td>$47,739</td>
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<tr>
<td>Subtotal - Maximum Project Cost</td>
<td>$1,054,566</td>
<td>$324,577</td>
<td>$1,379,143</td>
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<tr>
<td>Est. Sales Tax @ 8.0% of Labor, Matt Contingency &amp; Bond</td>
<td>$68,906</td>
<td>$22,450</td>
<td>$91,356</td>
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<tr>
<td>ESAS Project Management Fees</td>
<td>$43,900</td>
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<td>$43,900</td>
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<td></td>
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<tr>
<td>TOTAL PROJECT PRICE</td>
<td>$1,168,276</td>
<td>$347,027</td>
<td>$1,515,303</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

### Earnings Assumptions

- **Interest Rate**: 4.25%  
- **Financing Term**: 12 years  
- **Payment/year**: 2  
- **Inflation Rate**: 2.00%  
- **Est. Annual Rate of Energy Increase (after Year 3)**: 1.50% (Rates are flat from Year 1 to Year 3)  
- **Client Discount Rate**: 0.00%  
- **Client Initial Cash Payment**: $1,265,409

### Annual Energy Savings

<table>
<thead>
<tr>
<th>Lighting</th>
<th>HVAC</th>
<th>Other</th>
<th>Other</th>
<th>Total</th>
<th>Annual Cost</th>
<th>Utility Costs</th>
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</thead>
<tbody>
<tr>
<td>$80,808</td>
<td>$88,603</td>
<td>-</td>
<td>-</td>
<td>$157,496</td>
<td>$157,499</td>
<td>$157,499</td>
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</table>

**Total**: $1,168,276

**Estimated Utility Incentive**: $227,894

**Estimated Client Net Cost**: $1,265,409

**Client Initial Cash Payment**: $126,5409

**Amount to be financed by client**: $126,509

**Total Project Price**: $1,515,303

**Note**: Incentives of over $250,000 is currently projected.

**Earnings - ReaderBoard add org contract A11**: 7/31/2003

Quantum Engineering Development, Inc
# TABLE 2-2

## Financial Analysis

**Project:** City of Kent Energy Services  
**Date:** September 15, 2002

### II. PROJECT CASH FLOW

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<thead>
<tr>
<th>Year ending</th>
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<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
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</table>

#### PROJECT SAVINGS

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<thead>
<tr>
<th></th>
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<th></th>
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<tbody>
<tr>
<td>HVAC Savings</td>
<td>-</td>
<td>$98,603</td>
<td>$98,603</td>
<td>$98,603</td>
<td>$98,603</td>
<td>$98,603</td>
<td>$98,603</td>
<td>$101,016</td>
<td>$102,531</td>
<td>$104,069</td>
<td>$105,630</td>
<td>$107,214</td>
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<tr>
<td>Lighting Maint. Savings</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>HVAC Maint. Savings</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lighting Deferred Equip Savings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Other Savings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total Savings</td>
<td>-</td>
<td>$157,499</td>
<td>$157,499</td>
<td>$157,499</td>
<td>$158,862</td>
<td>$162,260</td>
<td>$164,693</td>
<td>$167,164</td>
<td>$169,671</td>
<td>$172,216</td>
<td>$174,800</td>
<td>$177,422</td>
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#### ANNUAL PROJECT COSTS

<table>
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<tr>
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<tbody>
<tr>
<td>Annual Finance</td>
<td>$ (1,285,406)</td>
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<td></td>
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<tr>
<td>Cash Payment</td>
<td>$ -</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Quantum Technical Support and Monitoring</td>
<td>$ (8,450)</td>
<td>$ (5,610)</td>
<td>$ (6,742)</td>
<td>$ (6,977)</td>
<td>$ (7,014)</td>
<td>$ (7,154)</td>
<td>$ (7,298)</td>
<td>$ (7,443)</td>
<td>$ (7,592)</td>
<td>$ (7,744)</td>
<td>$ (7,894)</td>
<td>$ (8,045)</td>
</tr>
<tr>
<td>ES&amp;AS Technical Support &amp; Monitoring</td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
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<td>$ (2,000)</td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
<td>$ (2,000)</td>
</tr>
<tr>
<td>Total Annual Costs to Client</td>
<td>$ (137,854)</td>
<td>$ (145,334)</td>
<td>$ (146,454)</td>
<td>$ (146,596)</td>
<td>$ (146,731)</td>
<td>$ (146,868)</td>
<td>$ (147,009)</td>
<td>$ (147,152)</td>
<td>$ (147,524)</td>
<td>$ (147,866)</td>
<td>$ (147,524)</td>
<td>$ (147,286)</td>
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</tbody>
</table>

#### NET ANNUAL CASH FLOW WHEN FINANCING PROJECT:

- **Based on savings from Utility & Maint. Equip. Costs (With Inflation of Energy Rates):**
  - $119,645
  - $111,185
  - $111,935
  - $13,246
  - $15,929
  - $17,625
  - $20,155
  - $22,629
  - $24,419
  - $27,353
  - $28,623

- **Based on savings from Utility & Maint. Equip. Costs (Without Inflation of Energy Rates):**
  - $119,645
  - $111,185
  - $111,935
  - $10,796
  - $10,939
  - $10,549
  - $10,549
  - $10,549
  - $10,549
  - $10,549

Project: City of Kent Energy Services
### TABLE 2-2
**Financial Analysis**

**II. SCHEDULES FOR MAINTENANCE EQUIPMENT SAVINGS**

#### A. Schedule for Lighting Maintenance Savings (materials only):

<table>
<thead>
<tr>
<th>Years</th>
<th>Inflation Rate for Deferred Maintenance</th>
<th>First Year Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2%</td>
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<td>8</td>
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<tr>
<td>9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Lighting Maintenance Savings #1:**
  - Year 1: $0
- **Lighting Maintenance Savings #2:**
  - Year 1: $0
- **Lighting Maintenance Savings #3:**
  - Year 1: $0
- **Lighting Maintenance Savings #4:**
  - Year 1: $0
- **Lighting Maintenance Savings #5:**
  - Year 1: $0

- **Deferred Maintenance Savings:**
  - Year 1: $-
- **Net Present Value:**
  - Year 1: $5 60% $-
- **Equivalent Annual:**
  - Year 1: $5 60% $-
- **Years Equipment Distributed:**
  - Year 1: 10

#### B. Schedule for HVAC Maintenance Savings (materials only):

<table>
<thead>
<tr>
<th>Years</th>
<th>HVAC Maintenance Savings Item #1</th>
<th>HVAC Maintenance Savings Item #2</th>
<th>HVAC Maintenance Savings Item #3</th>
<th>Deferred Maintenance Savings</th>
<th>Net Present Value</th>
<th>Equivalent Annual</th>
<th>Years Equipment Distributed</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>$10</td>
<td>$0</td>
<td>$0</td>
<td>$-</td>
<td>$0</td>
<td>$5 60%</td>
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<td>9</td>
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<td>$-</td>
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</tbody>
</table>

- **Deferred Maintenance Savings:**
  - Year 1: $-
- **Net Present Value:**
  - Year 1: $0
- **Equivalent Annual:**
  - Year 1: $5 60% $0
- **Years Equipment Distributed:**
  - Year 1: 10

#### C. Schedule for Deferred Lighting Equipment Cost Savings:

<table>
<thead>
<tr>
<th>Design unit</th>
<th>12</th>
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<th>2</th>
<th>3</th>
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<tbody>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Quantum Engineering Development Inc.
### TABLE 2-2
Financial Analysis

| Deferred lighting equipment No 1 | 10 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deferred lighting equipment No 2 | 0  | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deferred lighting equipment No 3 | 0  | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Deferred Equipment Costs       |    | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Net Present Value (5% APR)     | 5% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Equivalent Annuity (5% APR)    | 5% | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Years Equipment Distributed    | 10 |     |     |     |     |     |     |     |     |

### Schedule for Deferred HVAC Equipment Cost Savings:

<table>
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<tr>
<th>HVAC renovations #1</th>
<th>Design mult.</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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Financial Analysis

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- [%] 100%
- [%] 100%
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</table>
ANNEX 1

CITY OF KENT

NOTICE OF INTENT
Notice of Intent
State of Washington LOCAL (Local Option Capital Asset Lending)

Local Government Information
County King
Legal Name City of Kent
Contact Person Charles Lindsey
Address 220 Fourth Ave South, Kent WA 98032-5895
Phone (253) 856-5081 Fax (253) 856-6080 E-mail clindsey@ci.kent.wa.us

Would you prefer to receive financing documents (check one)
☐ Already have financing documents

Property (Real Estate or Equipment)
Property description (include quantity, if applicable) Energy Conservation - Lighting upgrades in all City buildings, HVAC at Resource Center, Chiller & Boilers in City Hall, A/C for Kent Commons gym and reader board sign at Kent Commons
Total cost $1,285,409 Maximum amount to finance $1,285,409
Finance term 10 years Useful life 10 years Desired financing date 9/15/03
Purpose of property (Please be specific and include dept of use) See Property Description above and Exhibit A to Ordinance

If real estate, the Real Estate Worksheet
☐ Is attached ☐ Will be provided by (date) __

If equipment, will the property purchase price be paid with
☐ program proceeds or ☒ general funds to be reimbursed from program proceeds? If general funds are to be used, include a copy of the local agency's reimbursement resolution with the financing documents

Security Pledge
☐ Voted general obligation of local government ☒ Non-voted general obligation of local government

Other Information
Approximate population _ _ (not required for cities and counties)
If any of the following apply, please provide a complete discussion on a separate page
☐ Yes ☒ No Does the local government use cash flow borrowing (registered warrants, interfund loans or other cash flow borrowing)?
☐ Yes ☒ No Is the local government a party to significant litigation?
☐ Yes ☒ No Is this a reimbursement? If yes, date funds spent__________

We are not required to submit the Credit Form because ________ we have an existing bond rating of A or better from Moody's and Standard & Poor's

Does local government have a bond rating? ☒ Yes ☐ No Bond rating(s) A1 (attach rating agency letter)

By executing this Notice of Intent, the local agency acknowledges, agrees to and accepts its designation and appointment as the agent of the nominal lessor in connection with the acquisition of the project. By executing this Notice of Intent, the local agency further acknowledges and agrees that certificate counsel and any other special counsel to the state in connection with the authorization, issuance and delivery of the certificates and the related financing documents shall not be acting, and shall not be deemed to act, as counsel to the local agency, nor shall any attorney-client relationship exist or be deemed to exist between such counsel and any participating local agency in connection with such matters.

Submitted by Jim White Title Mayor
Signature ________________ Date 8-6-03
ANNEX 2

CITY OF KENT

FINANCING CONTRACT
Local Agency Financing Contract, Series 200_3
(Equipment)

This Local Agency Financing Contract, Series 200_3 (the "Financing Contract") is entered into by and between the State of Washington (the "State"), acting by and through the State Treasurer (the "Treasurer"), and the City of Kent, a city of the State (the "Local Agency")

Recitals

WHEREAS, certain State agencies (as defined in Appendix I hereto, "State Agencies") are authorized to acquire personal property used or needed by such State Agencies through financing contracts entered into pursuant to Chapter 356, Laws of Washington, 1989, codified as Chapter 39.94 of the Revised Code of Washington (the "RCW"), as supplemented and amended (the "Act"),

WHEREAS, Chapter 291, Laws of Washington, 1998 supplemented and amended the Act to authorize the State to enter into financing contracts on behalf of certain local agencies (as defined in Appendix I hereto, "Local Agencies"), including the Local Agency, to finance the acquisition of personal property by such Local Agencies, and

WHEREAS, the State Treasurer has established a consolidated program providing for the execution and delivery of certificates of participation in such financing contracts, or in master financing contracts with respect thereto, in series from time to time in order to provide financing or refinancing for the costs of acquisition of such personal property by State Agencies and Local Agencies, and

WHEREAS, simultaneously with the execution and delivery hereof, the State is entering into a Master Financing Contract, Series 200_3, dated as of the Dated Date (the "Master Financing Contract") with the Washington Finance Officers Association ("WFOA"), a nonprofit corporation duly organized and existing under and by virtue of the laws of the state of Washington (the "WFOA"), to provide financing for the costs of acquisition of certain items of personal property by certain State Agencies and Local Agencies, including the Local Agency, under the terms set forth therein, and

WHEREAS, the State Treasurer and the Local Agency have determined that it is necessary and desirable to enter into this Financing Contract to provide financing or refinancing for the costs of acquisition of certain items of personal property, described in Exhibit B hereto (the "Property"), by the Local Agency;

WHEREAS, the State Finance Committee has authorized the execution and delivery of this Financing Contract pursuant to Resolution No. 923 adopted on July 17, 2000,

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other valuable consideration, the Parties hereto mutually agree as follows

Section I 1 Defined Terms. Capitalized terms used but not otherwise defined in this Financing Contract shall have the respective meanings given such terms in Appendix I hereto.

Section I 2 Notice of Intent; Personal Property Certificate. Certificate Designating Authorized Local Agency Representative. The Local Agency has delivered a Notice of Intent to the State Treasurer in the form of Exhibit A attached hereto and incorporated herein by this reference. In order to evidence its acceptance of the Property financed and acquired pursuant hereto, the Local Agency has executed and delivered herewith, or will execute and deliver within 60 days from the Dated Date to the State Treasurer, a Personal Property Certificate in the form of Exhibit B attached hereto and incorporated herein by this reference. The Local Agency has delivered a Certificate Designating Authorized Agency Representatives to the State Treasurer in the form of Exhibit C attached hereto and incorporated herein by this reference. Said Certificate is currently in force and has not been amended, withdrawn or superseded, and the signatures shown thereon are true and correct originals of the signatures of the persons who hold the titles shown opposite their names. The signature of any one of the individuals shown on said Certificate is sufficient to bind the Local Agency under this Financing Contract with respect to any of the undertakings contemplated herein. The terms and provisions set forth in Appendix II hereof are incorporated herein and made a part hereof by this reference.

Section I 3 Installment Sale and Purchase of Property. The State hereby agrees to sell, assign and convey, and does hereby sell, assign and convey to the Local Agency, and the Local Agency hereby agrees to purchase, acquire and assume, and does hereby purchase, acquire and assume, from the State, all of the State's right, title and interest in and to the Property and all proceeds and profits thereof and therefrom, subject to the security interest created pursuant to Section 2.5 of Appendix II hereof, and the Local Agency agrees to pay in consideration thereof the Purchase Price therefor and interest thereon and the Additional Costs in accordance with Section I 4 hereof, and all other amounts required to be paid by the Local Agency hereunder, in accordance with the provisions of this Financing Contract.

Section I 4 Agency Installment Payments. In consideration of the sale of the Property and the covenants and agreements of the State in this Financing Contract, the Local Agency hereby promises to pay to the State the following amounts at the following times: (a) On each Agency Installment Payment Date, the Agency Installment Payment set forth in Exhibit D hereto, consisting of a Principal Component and/or an Interest Component as set forth in such Exhibit, and (b) All Additional Costs incurred by the State in connection with the sale of the Property to the Local Agency, the execution and delivery of the Certificates, and the observance and performance of the Series 200_3 Agreements, within thirty (30) days following receipt of an invoice from the State with respect thereto which includes (i) a brief description of each such Additional Cost, (ii) the party to whom payment is due, (iii) the amount thereof, and (iv) such additional information as the Local Agency may reasonably request.

Section I 5 Term. This Local Agency Financing Contract shall terminate on the date on which all amounts due hereunder shall have been paid or the payment thereof duly provided for pursuant to Section I 4 of Appendix II hereof.

STATE OF WASHINGTON
OFFICE OF THE STATE TREASURER

By Designated State Treasurer Representative

Date

City of Kent

By

Designated State Treasurer Representative

Title

Date 6-6-03
Notice of Intent
State of Washington LOCAL (Local Option Capital Asset Lending)

Local Government Information
County: King
Legal Name: City of Kent
Contact Person: Charles Lindsey
Title: Superintendent of Facilities
Address: 220 Fourth Ave South, Kent WA 98032-5895
Phone: (253) 856-5081
Fax: (253) 856-6080
E-mail: clindsey@ci.kent.wa.us

Would you prefer to receive financing documents (check one)
☐ Already have financing documents
☐ MS Word 6.0 by e-mail
☐ 3.5" disk - Word 97 by U.S. mail
☐ Hard copy by U.S. mail

Property (Real Estate or Equipment)
Property description (include quantity, if applicable).
Energy Conservation - Lighting upgrades in all City buildings, HVAC at Resource Center, Chiller & Boilers in City Hall, A/C for Kent Commons gym and reader board sign at Kent Commons
Total cost: $1,285,409
Maximum amount to finance: $1,285,409
Finance term: 10 years
Useful life: 10 years
Desired financing date: 9/15/03

Purpose of property (Please be specific and include dept. of use) See Property Description above and Exhibit A to Ordinance

If real estate, the Real Estate Worksheet ☐ Is attached ☐ Will be provided by (date) __

If equipment, will the property purchase price be paid with ☐ program proceeds or ☑ general funds to be reimbursed from program proceeds? If general funds are to be used, include a copy of the local agency's reimbursement resolution with the financing documents

Security Pledge
☐ Voted general obligation of local government ☑ Non-voted general obligation of local government

Other Information
Approximate population __ (not required for cities and counties)

If any of the following apply, please provide a complete discussion on a separate page
☐ Yes ☑ No Does the local government use cash flow borrowing (registered warrants, interfund loans or other cash flow borrowing)?
☐ Yes ☑ No Is the local government a party to significant litigation?
☐ Yes ☑ No Is this a reimbursement? If yes, date funds spent __________

We are not required to submit the Credit Form because we have an existing bond rating of A or better from Moody's and Standard & Poor's

Does local government have a bond rating? ☑ Yes ☐ No Bond rating(s) Al (attach rating agency letter)

By executing this Notice of Intent, the local agency acknowledges, agrees to and accepts its designation and appointment as the agent of the nominal lessor in connection with the acquisition of the project. By executing this Notice of Intent, the local agency further acknowledges and agrees that certificate counsel and any other special counsel to the state in connection with the authorization, issuance and delivery of the certificates and the related financing documents shall not be acting, and shall not be deemed to act, as counsel to the local agency, nor shall any attorney-client relationship exist or be deemed to exist between such counsel and any participating local agency in connection with such matters.

Submitted by: Jim White
Title: Mayor
Signature: ________________ Date: 8-6-03
Personal Property Certificate

Name of Local Agency: City of Kent
Address: 220 Fourth Avenue South
Kent, WA 98032-5895

All capitalized terms not defined herein shall have the meanings assigned to such terms in the Financing Contract that this Exhibit B is attached to. The undersigned, [Name/Title] Jim White, Mayor, does hereby certify, that [his/her] is an Authorized Agency Representative of the City of Kent (the "Local Agency") pursuant to the terms of the Financing Contract.

The undersigned confirms that the Property described below will be placed in use at the location listed below. The undersigned confirms that the Property described below has been delivered to and receives by the Local Agency. All installation or other work necessary prior to the use thereof has been completed. The Property has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the Local Agency and complies with all terms of the Master Financing Contract and the Financing Contract.

Notwithstanding the foregoing, the undersigned does not waive or limit, by execution of this certificate, any claim against the vendor or any other seller, installer, contractor or other provider of property or services related to the purchase, shipment, delivery, installation or maintenance of the Property.

The Local Agency further confirms that the Property will be used to fulfill an essential governmental function which the Local Agency has the authority to provide in the State.

*****************************************************

PROPERTY INFORMATION

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</table>

Attached hereto are:

1. A vendor's invoice for the Property approved by the Local Agency.
2. A Certificate of Insurance, demonstrating liability insurance coverage and stating that insurance will be renewed annually automatically, unless said office notifies the State Treasurer of any discontinuation of coverage.

In connection with the Local Agency's acquisition of the Property as agent of the Washington Finance Officers Association, you are hereby requested to make a disbursement as indicated above.

Authorized Agency Representative
Date 8-6-03

Countersigned and Approved for Payment

Designated State Treasurer Representative
Date

---

Exhibit B to Financing Contract (Equipment)
Certificate Designating Authorized Agency Representatives

I, Brenda Jacober, City Clerk of the City of Kent (the “Local Agency”), hereby certify that, as of the date hereof, pursuant to Resolution No. ______/Ordinance No. ______, the following individuals are each an “Authorized Agency Representative,” as indicated by the title appended to each signature, that the following individuals are duly authorized to execute and deliver the Financing Contract to which this Certificate is attached as Exhibit C, and all documentation in connection therewith, including but not limited to the Personal Property Certificate(s) attached thereto as Exhibit B, that the signatures set forth below are the true and genuine signatures of said Authorized Agency Representatives and that pursuant to such resolution/ordinance, ___ of the ___ following signature(s) [is/are] required on each of the aforementioned documents in order to consider such documents executed on behalf of the Local Agency:

Jim White Mayor

Dated this ___ day of August 2003

Brenda Jacober
City Clerk [Title]
City of Kent [Name of Local Agency]

SUBSCRIBED AND SWORN TO before me this ___ day of August 2003

Janice D. Banister
NOTARY PUBLIC in and for the State of Washington, residing at:

KENT

Printed Name: JANICE D. BANISTER
My Commission Expires 07/04
ANNEX 3

CITY OF KENT

AUTHORIZED AGENCY REPRESENTATIVES
Certificate Designating Authorized Agency Representatives

I, Brenda Jacober, City Clerk of the City of Kent (the "Local Agency"), hereby certify that, as of the date hereof, pursuant to Resolution No. ______/Ordinance No. ______, the following individuals are each an "Authorized Agency Representative," as indicated by the title appended to each signature, that the following individuals are duly authorized to execute and deliver the Financing Contract to which this Certificate is attached as Exhibit C, and all documentation in connection therewith, including but not limited to the Personal Property Certificate(s) attached thereto as Exhibit B, that the signatures set forth below are the true and genuine signatures of said Authorized Agency Representatives and that pursuant to such resolution/ordinance, ______ of the ______ following signature(s) [is/are] required on each of the aforementioned documents in order to consider such documents executed on behalf of the Local Agency.

Jim White
Mayor

Dated this ______ day of ______, 2003

Brenda Jacober
City Clerk
City of Kent

SUBSCRIBED AND SWORN TO before me this ______ day of ______, 2003

Notary Public in and for the State of Washington, residing at

Printed Name: Janice D. Banister
My Commission Expires: ____________
Certificate Of Authorizing Resolution/Ordinance

I, the undersigned, Clerk/Secretary of the City of Kent (the "Local Agency"), DO HEREBY CERTIFY:

1. That the attached Resolution/Ordinance No. 365 (herein called the "Resolution/Ordinance") is a true and correct copy of a Resolution/Ordinance of the Local Agency adopted/passed at a regular/special meeting of the Kent City Council held on the 5th day of August, 2003, and duly recorded in my office,

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given, that a quorum of the Kent City Council was present throughout the meeting and a legally sufficient number of members of the Kent City Council voted in the proper manner for the adoption/passage of the Resolution/Ordinance;

3. That all other requirements and proceedings incident to the proper adoption/passage of the Resolution/Ordinance have been duly fulfilled, carried out and otherwise observed;

4. That the Resolution/Ordinance remains in full force and effect and has not been amended, repealed or superseded; and

5. That I am authorized to execute this certificate

IN WITNESS WHEREOF, I have hereunto set my hand as of this 6th day of August, 2003.

Brenda Jaster
City Clerk

[SEAL]
Local Agency Tax Certificate

This Local Agency Tax Certificate is executed and delivered by the City of Kent (the "Local Agency") in connection with the Local Agency Financing Contract between the Local Agency and the State of Washington (the "State"), dated as of ___ , 200___, (the "Local Agency Financing Contract"), under which the Local Agency is obligated to make Agency Installment Payments, including principal components thereof in the aggregate amount of $1,285,409 (the "Obligations"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Local Agency Financing Contract. The Local Agency certifies, covenants, warrants and represents as follows:

ARTICLE I. IN GENERAL

1.1 The Local Agency. The Local Agency is a political subdivision duly organized and existing under and by virtue of the laws of the State of Washington. The Local Agency has the general authority to exercise the power of eminent domain in furtherance of its governmental purposes.

1.2 Purpose of Local Agency Tax Certificate. In the future, the State intends to cause the execution and delivery of certificates of participation (the "Certificates") evidencing undivided and proportionate interests in Installment Payments of the State payable under a Master Financing Agreement. A portion of the principal components of such Installment Payments are payable from the Obligations. The Local Agency is delivering this Local Agency Tax Certificate to the State with the understanding that the State will rely in part upon this Local Agency Tax Certificate in obtaining an opinion from bond counsel that the interest component of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

1.3 Purpose of Financing. The Obligations are being issued to finance the costs of the acquisition, construction, improvement and/or renovation of various mechanical, controls and lighting systems at the City of Kent (the "Project"), as described in more detail in the Financing Contract.

1.4 Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings:

"Code" means the Internal Revenue Code of 1986 (including amendments thereto).

"Current Revenues." See Section 2.7 hereof.

"Governmental Unit" means any state, or political subdivision of a state, but excludes the United States and its agencies or instrumentalities.

"Investment Property" means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a "specified private activity bond" within the meaning of Section 57(a)(5)(C) of the Code.

"Nongovernmental Person" means any person or entity other than a Governmental Unit.

"Preliminary Expenditures" means architectural, engineering, surveying, soil testing, and similar costs paid with respect to the Project in an aggregate amount not exceeding 20% of the Obligations. However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.
"Tax-Exempt Bond" means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code or Section 103 of the Internal Revenue Code of 1954, as amended (the "1954 Code"), and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least 95 percent of income to the stockholder is treated as interest that is excludable from gross income under Section 103 of the Code.

ARTICLE II. TAX LIMITATIONS

2.1 Expenditure of Proceeds. For purposes of this Local Agency Tax Certificate, proceeds of the Obligation will be treated as spent when they are used to pay for or reimburse disbursements by the Local Agency that paid for (i) capital expenditures, (ii) any interest component of the Agency Installment Payments through the later of three years after the date hereof or one year after the Project is placed in service, or (iii) initial operating expenses directly associated with the Project (in aggregate amount not exceeding 5% of the Obligations). The State has authorized the issuance of the Certificates to finance, among other things, the costs of the Project. Absent written agreement by the State, all expenditures of proceeds of the Obligation will be made in respect of (a) Preliminary Expenditures, (b) capital expenditures reimbursed in respect of payments made by the Local Agency on or after the date which is sixty days prior to the date on which said authorization was adopted, or (c) other payments made by the Local Agency on or after the date hereof. In connection with all expenditures described in (b), the reimbursement allocation will be made no later than the later of 18 months after the date hereof or the date on which the Project is placed in service, but in no event later than three years after the date of expenditure.

2.2 Governmental Bond Status. [Different text will be substituted for this section when the loan is made for airport or port facilities that are the subject of private use.] The Local Agency will not loan any of the proceeds of the Obligations to one or more Nongovernmental Persons. The Local Agency will not allow more than 10% of proceeds of the Obligations or more than 10% of the Project to be used directly or indirectly by any Nongovernmental Person, other than as a member of the general public. A Nongovernmental Person will be treated as "using" proceeds of the Obligations to the extent the Nongovernmental Person:

(i) borrows proceeds of the Obligations, or

(ii) uses the Project (e.g., as owner, lessee, service provider, operator or manager).

2.3 Change in Use. The Local Agency reasonably expects to use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Local Agency Tax Certificate for the entire stated term to maturity of the Obligations. Absent written agreement by the State, the Local Agency in fact will use all proceeds of the Obligations and all of the Project as set forth in Section 2.2 of this Tax Certificate.

2.4 Federal Guarantee. The Local Agency will not directly or indirectly use or permit the use of any proceeds of the Obligations or take or omit to take any action that would cause the Certificates to be obligations that are "federally guaranteed" within the meaning of Section 149(b) of the Code. In furtherance of this covenant, the Local Agency will not allow the payment of principal or interest with respect to the Obligations to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. The Local Agency will not use 5% or more of the proceeds of the Obligations to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof.
2.5 **No Refunding.** Proceeds of the Obligations will not be used directly or indirectly to make principal, interest or premium payments with respect to any obligation other than the Obligations.

2.6 **No Hedge Bonds.** The Local Agency reasonably expects that more than 85% of proceeds of the Obligations will be expended for the purposes of the Obligations within three years.

2.7 **Debt Service Funds.** Payments of debt service on the Obligations generally are expected to be derived from current revenues of the Local Agency in each year, and Current revenues are expected to equal or exceed debt service on the Obligations during each payment period. Revenues actually used in less than six months from the date first received to pay debt service on Obligations are referred to herein as "Current Revenues." The account, or portion thereof, used by the Local Agency to pay debt service on the Obligations will be used primarily to achieve a proper matching of revenues and debt service within each year. To the extent of Current Revenues, such account in the aggregate will be depleted at least once a year except for a carryover amount not to exceed the greater of the earnings on such account for the immediately preceding year or 1/12 of the debt service in respect of the Obligations for the immediately preceding year. Current Revenues contributed to such account will be spent within thirteen months after the date of such contribution, and any amounts received from the investment or reinvestment of monies held in such funds will be expended within one year after the date of accumulation thereof in any such fund. Current Revenues in such account shall be invested without regard to yield. Revenues other than Current Revenues will not be invested in Investment Property with a yield exceeding the yield on the Obligations.

2.8 **No Other Replacement Proceeds.** The Local Agency will not use any proceeds of the Obligations directly or indirectly to replace funds of the Local Agency which are or will be used directly or indirectly to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Obligations. The weighted average maturity of the Obligations does not exceed 120% of the expected weighted average economic useful life of the Project.

2.9 **No Expected Sale.** It is not expected that the Project or any part thereof will be sold or otherwise disposed of before the maturity date of the Obligations.

**ARTICLE III. OTHER MATTERS**

3.1 **Expectations.** The undersigned is an authorized representative of the Local Agency acting for and on behalf of the Local Agency in executing this Local Agency Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

3.2 **Amendments.** Notwithstanding any other provision of this Local Agency Tax Certificate, the Local Agency may amend this Local Agency Tax Certificate and thereby alter any actions allowed or required by this Local Agency Tax Certificate if such amendment is signed by an authorized officer and is supported by formal written agreement by the State.

3.3 **Survival of Defeasance.** Notwithstanding any provision in this Local Agency Tax Certificate to the contrary, the obligation to comply with all requirements contained in this Local Agency Tax Certificate shall survive defeasance or prepayment of the Obligations.

Dated: ____, 200__.
Supplemental Credit Request Relating to Initiative 747

Please provide complete discussion and supporting documentation (if applicable) for the following. It is important that all questions be answered completely and accurately.

1. Has the agency analyzed the budget impacts of Initiative 747?
   (a) If no, why not?
   (b) If yes, please discuss the results of the analysis, including steps being taken to address any potential impacts. Please attach documentation that was prepared for the analysis, if helpful.

2. What was the agency’s unrestricted Fund Balance at the agency’s most recent fiscal year end?

3. What is the agency’s expected unrestricted Fund Balance at the next upcoming fiscal year end?

4. To what extent is the agency planning to reduce Fund Balance to meet shortfalls that may result due to implementation of Initiative 747? What minimum Fund Balance is the agency willing to maintain?
Incumbency Certificate

I, Brenda Jacober, City Clerk of the City of Kent, Washington, do hereby certify that the following is a true and correct listing of the City Council members of the City of Kent and their terms of office:

Judy Woods
Leona Orr
Tim Clark
Rico Yingling
Connie Epperly
Julie Peterson
Bruce White

January 1, 2000 through December 31, 2003
January 1, 2000 through December 31, 2003
January 1, 2002 through December 31, 2005
January 1, 2000 through December 31, 2003
January 1, 2000 through December 31, 2003
January 1, 2002 through December 31, 2005
January 1, 2002 through December 31, 2005

Dated this August 6, 2003

Brenda Jacober, City Clerk