ORDINANCE NO. 3912

AN ORDINANCE of the City of Kent, Washington, providing for the issuance and sale of limited tax general obligation refunding bonds of the City in the aggregate principal amount of not to exceed $9,000,000 to provide funds for the purpose of refunding certain limited tax general obligation bonds of the City, and paying costs of issuance of the bonds; providing the form and terms of the bonds; delegating authority to approve the final terms of the bonds, to appoint an escrow agent and to execute an escrow agreement; and repealing Ordinance No. 3893.

PASSED: April 7, 2009

This document prepared by:

K&L Preston Gates Ellis LLP
Seattle, Washington

LTGO Refunding Bonds, 2009
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LTGO Refunding Bonds, 2009
CITY OF KENT, WASHINGTON

ORDINANCE NO. 3912

AN ORDINANCE of the City of Kent, Washington, providing for the issuance and sale of limited tax general obligation refunding bonds of the City in the aggregate principal amount of not to exceed $9,000,000 to provide funds for the purpose of refunding certain limited tax general obligation bonds of the City, and paying costs of issuance of the bonds; providing the form and terms of the bonds; delegating authority to approve the final terms of the bonds, to appoint an escrow agent and to execute an escrow agreement; and repealing Ordinance No. 3893.

RE bâtals

A. Pursuant to Ordinance No. 3444 (the "1999 Bond Ordinance"), passed on March 16, 1999, the City of Kent, Washington (the "City") has issued and has outstanding its Limited Tax General Obligation Bonds, 1999, issued under date of March 15, 1999 (the "1999 Bonds"), a portion of which is eligible for refunding:

<table>
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<tr>
<th>Maturity (December 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$655,000</td>
<td>4.50%</td>
</tr>
<tr>
<td>2011</td>
<td>685,000</td>
<td>4.60</td>
</tr>
<tr>
<td>2012</td>
<td>715,000</td>
<td>4.70</td>
</tr>
<tr>
<td>2013</td>
<td>750,000</td>
<td>4.75</td>
</tr>
<tr>
<td>2019</td>
<td>5,335,000</td>
<td>5.00</td>
</tr>
</tbody>
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(the "1999 Refunding Candidates"); and

B. The 1999 Bond Ordinance authorizes the redemption and defeasance of the 1999 Refunding Candidates in advance of their scheduled maturity on or after December 1, 2009, at any time at prices set...
forth in the 1999 Bond Ordinance plus accrued interest to the date of redemption; and

C. On September 16, 2008, the City Council adopted Ordinance No. 3893, which authorized the issuance and sale of limited tax general obligation refunding bonds (the “Bonds”) of the City for the purpose of refunding all or a portion of the 1999 Refunding Candidates so that debt service savings could be achieved for the City and its taxpayers; and

D. Ordinance No. 3893 granted authority to the Designated City Representative to negotiate the terms for the sale of the Bonds during a specified period; and

E. During the specified period, conditions in the municipal bond market deteriorated, lessening the debt service savings, and the Designated City Representative determined to delay sale of the Bonds; and

F. After due consideration it appears to this Council that all or a portion of the 1999 Refunding Candidates may be defeased and refunded by the proceeds of the refunding bonds authorized herein at a substantial savings to the City under current bond market conditions; and

G. To effect such refunding in the manner that will be most advantageous to the City, it is hereby found necessary and advisable that certain “Acquired Obligations” (hereinafter identified) be purchased out of the proceeds of sale of the Bonds;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. - Repeal of Ordinance No. 3893. The City hereby repeals Ordinance No. 3893 in its entirety.

SECTION 2. - Definitions. As used in this ordinance, the following words shall have the following meanings:

Acquired Obligations means the Government Obligations now or hereafter acquired by the City pursuant to Section 9 of this ordinance to effect the refunding of the Refunded Bonds.

LTGO Refunding Bonds, 2009
Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Bond Fund means the LTGO Bond Debt Service Fund described in Section 11 of this ordinance.

Bond Insurance Policy means the municipal bond insurance policy, if any, issued by the Insurer insuring the payment when due of the principal of and interest on all or a portion of the Bonds as provided therein.

Bond Purchase Contract means the contract for the purchase of the Bonds between the Underwriter and City, executed pursuant to Section 13 of this ordinance.

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

Bond Registrar means, initially, the fiscal agency of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds means the City of Kent, Washington Limited Tax General Obligation Refunding Bonds, 2009, if any, issued pursuant to this ordinance.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

City means the City of Kent, Washington, a municipal corporation of the State of Washington.

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.
*Commission* means the Securities and Exchange Commission.

*Council* means the City Council of the City, as the same shall be duly and regularly constituted from time to time.

*Designated City Representative* means the Mayor of the City and any successor to the functions of such office.

*DTC* means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 5 hereof.

*Escrow Agent* means the financial institution selected pursuant to the conditions set forth in Section 9 of this ordinance.

*Escrow Agreement* means the Escrow Deposit Agreement to be entered into by the City and the Escrow Agent pursuant to Section 9 of this ordinance.

*Finance Director* means the Finance Director of the City, or any successor to the functions of the Finance Director.

*Government Obligations* means those obligations now or hereafter defined as such in chapter 39.53 RCW.

*Insurer* means the municipal bond insurance company, if any, selected and designated by the Designated City Representative, pursuant to Section 14 of this ordinance, or any successor thereto or assignee thereof, as issuer of a Bond Insurance Policy for all or a portion of the Bonds.

*Letter of Representations* means the blanket issuer letter of representations from the City to DTC.

*MSRB* means the Municipal Securities Rulemaking Board or any successor to its functions.

*Net Proceeds*, when used with reference to the Bonds, means the principal amount of the Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

*1999 Bond Ordinance* means Ordinance No. 3444 passed by the City Council on March 16, 1999, authorizing the issuance of the 1999 Bonds.
1999 Bonds means the outstanding “City of Kent, Washington Limited Tax General Obligation Bonds, 1999” issued pursuant to the 1999 Bond Ordinance.

1999 Refunding Candidates means the 1999 Bonds identified in the recitals to this ordinance.

NRMSIR means a nationally recognized municipal securities information repository.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a de minimis fee to cover custodial expenses.

RCW means the Revised Code of Washington.

Refunded Bonds means the 1999 Refunding Candidates selected as Refunded Bonds by the Designated City Representative pursuant to Section 9(a).
Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Rule means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Savings Target means a dollar amount equal to at least three percent (3.0%) of the outstanding principal of the Refunded Bonds.

SID means a state information depository, if any, for the State of Washington.

Underwriter means Barclays Capital Inc.

SECTION 3. – Authorization of Bonds. The City is hereby authorized to issue limited tax general obligation refunding bonds (the “Bonds”) in an aggregate amount not to exceed $9,000,000 for the purpose of providing the funds necessary to (i) refund the Refunded Bonds and (ii) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Bonds.

SECTION 4. – Description of Bonds. The Bonds shall be general obligations of the City; shall be designated the “City of Kent, Washington, Limited Tax General Obligation Refunding Bonds, 2009”, with any additional series designation, if necessary; shall be dated as of their initial date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of $5,000 each, or any integral multiple thereof within a maturity, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; shall bear interest from their date, payable semiannually on the interest payment dates set forth in the Bond Purchase Contract; and shall mature on December 1 in the years and principal amounts set forth and approved in the Bond Purchase Contract executed by the Designated City Representative pursuant to Section 13 of this ordinance.

SECTION 5. – Registration, Transfer and Payment of Bonds. The City hereby specifies and adopts the system of registration approved by
the Washington State Finance Committee from time to time through the appointment of state fiscal agencies. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar’s powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 15 of this ordinance), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in this section, but such Bond may be transferred as herein provided. All such payments made as described in this section shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect
to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

The Bonds shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Finance Director pursuant to this section or such substitute depository’s successor; or (iii) to any other person as specifically provided in this section.

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 Finance Director to discontinue the system of
book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter 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.

In the case of any transfer pursuant to clause (i) or (ii) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

In the event that (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 Finance Director determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such Bonds in the form of Bond certificates, the ownership of the Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner’s duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the

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Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any date on which any such Bond is to be redeemed.

The Bond Registrar may become the Registered Owner of any Bond 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 member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149(a) of the Code.

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 calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a
Registered Owner of more than $1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

SECTION 6. – No Optional Redemption; Purchase of Bonds. The City does not reserve the right to redeem the Bonds prior to their scheduled maturities.

The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Finance Director. Bonds purchased by the City shall be cancelled.

SECTION 7. – Form of the Bonds. The Bonds shall be in substantially the following form:

[DTC LANGUAGE]
[STATEMENT OF INSURANCE]
UNITED STATES OF AMERICA

NO. $

STATE OF WASHINGTON
CITY OF KENT, WASHINGTON
LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2009

INTEREST RATE: % MATURITY DATE: CUSIP NO.:
REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT:

The City of Kent, Washington (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from ______________, 2009, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on __________, 2009, and semiannually thereafter on the first days of each succeeding December and June. Both principal of and interest on this bond are payable in lawful
money of the United States of America. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. ________ duly passed by the City Council on April 7, 2009 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of $__________ and is issued pursuant to the Bond Ordinance to refund certain outstanding limited tax general obligation bonds of the City and to pay costs of issuance.

The bonds of this issue are not subject to redemption prior to their stated maturities.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The bonds of this issue are not "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code. The bonds of this issue are not private activity bonds.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

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It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Kent, Washington has caused this bond to be executed by the manual or facsimile signatures of the Mayor and City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this ____ day of ____________, 2009.

CITY OF KENT, WASHINGTON

/s/ manual or facsimile 
By Mayor

ATTEST:

/s/ manual or facsimile 
City Clerk

[SEAL]

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Bond Ordinance and is one of the Limited Tax General Obligation Refunding Bonds, 2009 of the City of Kent, Washington, dated ____________, 2009.

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

By __________________
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ____________________

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and all rights thereunder and does hereby irrevocably constitute and appoint __________ of __________, or its successor, as agent to transfer said bond on the books kept by the Bond Registrar for registration thereof, with full power of substitution in the premises.

DATED: __________________________, _____.

SIGNATURE GUARANTEED:

Notice: signature(s) must be guaranteed pursuant to law.

NOTE: The signature of this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SECTION 8. - Execution of the Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed,
authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

SECTION 9. - Refunding Procedures

(a) Designation of Refunded Bonds. All or some of the 1999 Refunding Candidates may be refunded and refinanced with the proceeds of the Bonds authorized by this ordinance. The Designated City Representative may select some or all of the 1999 Refunding Candidates and designate those 1999 Refunding Candidates as the “Refunded Bonds” at or prior to the time of sale of the Bonds.

(b) Creation of Refunding Account. A special account is hereby authorized to be created by the Finance Director, which account is to be drawn for the sole purpose of paying (or purchasing Government Obligations, which obligations so purchased, are herein called “Acquired Obligations”) maturing in such amounts and at such times as to pay) the principal of and premium and interest on the Refunded Bonds. The special account shall be held as a trust fund for the benefit of the owners of the Refunded Bonds, wholly segregated from all other funds and securities on deposit with the Finance Director. The Finance Director shall not allow the assets or amounts on deposit for the benefit of the Refunded Bonds to be commingled with any other funds or securities of the City. The Finance
Director shall cause the assets and amounts on deposit in such special account to be held and disposed of only as set forth in this section.

(c) Application of Bond Proceeds. A portion of the net proceeds of the Bonds (exclusive of any amounts designated by the Designated City Representative to be used to pay costs of issuance of the Bonds), together with other available funds of the City in the amount specified by the Designated City Representative, shall be applied at the direction of the Designated City Representative to purchase the Acquired Obligations to be used to redeem the Refunded Bonds on their redemption date.

(d) Defeasance of Refunded Bonds. The net proceeds of the Bonds so deposited shall be utilized immediately upon receipt thereof to redeem Refunded Bonds or to purchase the Government Obligations specified by the Designated City Representative and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the City relating thereto under the 1999 Bond Ordinance, by providing for the payment of the interest on the Refunded Bonds to the date fixed for redemption and the redemption price on the redemption date for the Refunded Bonds.

When the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be used for the purposes specified by the Designated City Representative.

(e) Redemption of Refunded Bonds. The Council authorizes the Designated City Representative to call the Refunded Bonds that are callable for redemption on the redemption date specified by the Designated City Representative in accordance with the 1999 Bond Ordinance.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the deposit of the proceeds of the Bonds as described in Section 9(c).

The Designated City Representative is hereby authorized and directed to provide for the giving of irrevocable notice of the redemption of the callable Refunded Bonds in accordance with the terms of the 1999
Bond Ordinance. The Finance Director is authorized and directed to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor.

(f) Escrow Agent and Escrow Agreement. The Designated City Representative is hereby authorized to select a financial institution to serve as the Escrow Agent for the Refunded Bonds (the "Escrow Agent"). A beginning cash balance, if any, and Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The proceeds of the Bonds remaining in the Refunding Account after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Bonds. The Designated City Representative or the Finance Director is authorized to execute and deliver to the Escrow Agent an Escrow Agreement, with such changes or modifications as the Designated City Representative or the Finance Director, with the advice of bond counsel to the City, consider necessary or advisable.

The City hereby irrevocably sets aside for and pledges to the payment of the Refunded Bonds the moneys and obligations to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance of the Refunded Bonds set forth herein and in the Escrow Agreement. When all of the Refunded Bonds shall have been redeemed and retired, the Designated City Representative or Finance Director may cause any remaining money to be transferred to the Bond Fund for the purposes set forth below.

SECTION 10.- Tax Covenants-Bonds. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bonds.
Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bonds or any other funds of the City which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Bonds to the initial purchasers thereof, would have caused the Bonds to be treated as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bonds.

The City covenants that for as long as the Bonds are outstanding, it will not permit: (i) more than 10% of the Net Proceeds of the Bonds to be allocated to any Private Person Use; and (ii) more than 10% of the principal or interest payments on the Bonds in a Bond Year to be directly or indirectly secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if: (i) more than five percent of the Net Proceeds of the Bonds are allocable to any Private Person Use; and (ii) more than five percent of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, any Private Person Use of the projects or Private Person Use payments that is in excess of the five percent limitations described...
above will be for a Private Person Use that is related to the state or local governmental use of the projects refunded by the proceeds of the Bonds, and any Private Person Use will not exceed the amount of Net Proceeds of the Bonds allocable to the state or local governmental use portion of the Project(s) to which the Private Person Use of such portion of the projects refunded by the proceeds of the Bonds relate. The City further covenants that it will comply with any limitations on the use of the projects refunded by the proceeds of the Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bonds.

The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

The City has not designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for investment by financial institutions.

SECTION 11. - Bond Fund; Provision for Payment. The City has heretofore established a fund to be used for the payment of debt service on the Bonds, designated as the "LTGO Bond Debt Service Fund" (the "Bond Fund"). No later than the date each payment of principal of and/or interest on the Bonds matures or becomes due and payable, the City shall transmit sufficient funds, from the Bond Fund or from other legally available sources to the Bond Registrar for the payment of such principal and/or interest. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in legal investments for City funds.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its...
budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds as the same shall become due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to cities without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

**SECTION 12. - Defeasance.** In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Bond Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance.
The City shall give written notice of defeasance to the owners of all Bonds so provided for within 30 days of the defeasance and to each party entitled to receive notice in accordance with Section 15 of this ordinance.

SECTION 13. - Sale of the Bonds. The Bonds shall be sold by negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The Designated City Representative is hereby authorized to negotiate terms for the purchase of the Bonds and execute the Bond Purchase Contract, with such terms as are approved by her pursuant to this section and consistent with this ordinance. The Underwriter has advised the Council that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Council. The Council has determined that it would be in the best interest of the City to delegate to the Designated City Representative for a limited time the authority to determine whether to proceed with the refunding of the Refunded Bonds, to designate which of the Refunding Candidates shall be the Refunded Bonds, and to approve the final interest rates, maturity dates, aggregate principal amount, redemption rights and principal amounts of each maturity of the Bonds. The Designated City Representative is hereby authorized to determine whether to proceed with the refunding of the Refunded Bonds if and to the extent that the aggregate savings to be realized as a result of the refunding of the Refunded Bonds (i.e., the present value of (i) the aggregate debt service on the Refunded Bonds minus (ii) the aggregate debt service on the Refunding Bonds, after payment of all costs of issuance of the Bonds), exceed the Savings Target. The Designated City Representative is further authorized to approve the final interest rates, maturity dates, aggregate principal amount, and principal amounts of each maturity of the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of all Bonds does not exceed $9,000,000; and (ii) the true interest cost for the Bonds does not exceed 5.50%.

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In determining whether or not to proceed with bond insurance and determining the final interest rates, aggregate principal amounts, principal maturities and redemption rights, the Designated City Representative, in consultation with City staff, shall take into account those factors that, in her judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this Section 13, the Designated City Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Designated City Representative’s designation of the Refunded Bonds and approval of the final interest rates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Designated City Representative shall provide a report to the Council, describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated City Representative by this Section 13 shall expire 120 days after the date of approval of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 120 days after the date of final approval of this ordinance, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this ordinance.

Upon the passage and approval of this ordinance, the proper officials of the City, including the Designated City Representative, are authorized to undertake all actions necessary for the prompt execution and delivery of the Bonds to the Underwriter thereof and further to execute all closing
certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Bond Purchase Contract.

The Finance Director is authorized to ratify and to approve for purposes of the Rule, on behalf of the City, the preliminary Official Statement and Official Statement (as defined in the Bond Purchase Contract) relating to the issuance and sale of the Bonds and the distribution of the preliminary Official Statement and Official Statement pursuant thereto with such changes, if any, as may be deemed by him to be appropriate. The preliminary Official Statement for the Bonds is hereby deemed final for the purposes of the Rule.

SECTION 14. - Bond Insurance. The Finance Director is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a Bond Insurance Policy. In the event that the Finance Director receives multiple proposals in response to a solicitation, the Finance Director may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the Bonds to be insured. The Finance Director may execute a commitment received from the Insurer selected by the Finance Director. The Council further authorizes all proper officers, agents, attorneys and employees of the City to cooperate with the Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City as shall be necessary or advisable in providing for the Bond Insurance Policy.

SECTION 15. - Continuing Disclosure Undertaking. This section constitutes the City’s written undertaking for the benefit of the owners, including Beneficial Owners, of the Bonds as required by Section (b)(5) of the Rule.

The City agrees to provide or cause to be provided to each NRMSIR and to the SID, if any, in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 2009 for the fiscal year ended December 31, 2008): (i) annual financial statements, which
The City's audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds; (ii) the assessed valuation of taxable property in the City; (iii) ad valorem taxes due and percentage of taxes collected; (iv) property tax levy rate per $1,000 of assessed valuation; and (v) outstanding general obligation debt of the City.

Items (ii) through (v) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before nine months after the end of the City's fiscal year. The City's current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to each then existing NRMSIR and the SID, if any. In lieu of providing such annual financial information and operating data, the City may cross reference to other documents provided to the NRMSIR, the SID or to the Commission and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to each then existing NRMSIR and the SID, if any.

The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR notice of the occurrence of any of the following events with respect to the Bonds, if material: (i) principal and interest payment delinquencies; (ii) non payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements.
reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (vii) modifications to the rights of Bond owners; (viii) Bond calls (optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34 238560); (ix) defeasances; (x) release, substitution or sale of property, securing repayment of the Bonds; and (xi) rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no debt service reserves or property secure payment of the Bonds.

The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR and to the SID, if any, notice of its failure to provide the annual financial information described above on or prior to the date set forth above.

The City’s obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (i) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (ii) notifies each NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

The City may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as
for a material event, and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The right of any bondowner or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City’s obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

The City may elect to submit the information required by this Section 15 to be filed with the NRMSIRs and the SID, if any, directly to DisclosureUSA.org or any other entity approved for electronic submittal by the Commission, unless or until the Commission withdraws its approval of the submission process. After July 1, 2009, all information provided pursuant to this undertaking shall be submitted to the MSRB as the sole NRMSIR in accordance with the Commission’s amendments to the Rule.

**SECTION 16. – Lost, Stolen or Destroyed Bonds.** In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the Registered Owner thereof upon the Registered Owner’s paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the City evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and/or the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

**SECTION 17. – Severability.** If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the

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remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

**SECTION 18. - Effective Date of Ordinance.** This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

[Signature]
Suzette Cooke, Mayor

ATTEST:

[Brenda Jacober]
Brenda Jacober, City Clerk

APPROVED AS TO FORM:

[K&L Preston Gates Ellis LLP]
Stacey Crawford, Lewis
Special Counsel and Bond Counsel

PASSED:  7 day of April, 2009.

APPROVED:  7 day of April, 2009.

PUBLISHED:  11 day of April, 2009.
CERTIFICATION

I, the undersigned, City Clerk of the City of Kent, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 5112 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on April 7, 2009, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after publication in the City's official newspaper; and

2. A quorum of the members of the City Council was present throughout the meeting and a majority of those members present voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of April, 2009.

CITY OF KENT, WASHINGTON

Brenda Jacober, City Clerk