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190607 F

RESOLUTION

OF

CITY OF TOPEKA, KANSAS

PASSED

JUNE 19, 2007

\$5,210,000
COMBINED UTILITY IMPROVEMENT
AND REFUNDING REVENUE BONDS
SERIES 2007-B

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RESOLUTION

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137 **RESOLUTION NO. 7963**

138
139 **A RESOLUTION INTRODUCED BY CITY MANAGER NORTON N.**
140 **BONAPARTE, JR. PRESCRIBING THE FORM AND DETAILS OF**
141 **COMBINED UTILITY IMPROVEMENT AND REFUNDING REVENUE**
142 **BONDS, SERIES 2007-B OF THE CITY OF TOPEKA, KANSAS, IN THE**
143 **AGGREGATE PRINCIPAL AMOUNT OF \$5,210,000 THE ISSUANCE OF**
144 **WHICH WAS AUTHORIZED BY THE CITY PURSUANT TO ITS**
145 **ORDINANCE NO. 18906 PASSED AND APPROVED JUNE 19, 2007; AND**
146 **AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN**
147 **CONNECTION WITH THE ISSUANCE OF THE BONDS.**
148

149 **WHEREAS**, the Governing Body of the City of Topeka, Kansas, (the "City") has in
150 accordance with the requirements of K.S.A. 10-1201 et seq., as amended, duly published in
151 accordance with the requirements of law its notices of intention to issue combined utility
152 revenue bonds of the City in the maximum principal amount of \$3,139,937.36 to finance the
153 costs of certain improvements (the "Improvements") to the City's water, water pollution
154 control and stormwater utility system (the "System"); and
155

156 **WHEREAS**, the City has heretofore duly authorized, issued and delivered its
157 \$25,365,000 principal amount of Water and Water Pollution Control Utility Revenue Bonds,
158 Series 2001-A, dated December 1, 2001, (the "Series 2001-A Bonds") pursuant to its
159 Ordinance and Resolution adopted December 11, 2001, in accordance with the requirements
160 of K.S.A. 10-1201 et seq., as amended; and
161

162 **WHEREAS**, as of June 1, 2007, there remains outstanding of the Series 2001-A
163 Bonds the principal amount of \$1,020,000 bearing interest payable semiannually on
164 February 1 and August 1 each year and maturing on August 1, as follows:
165

166 MATURITY	167 PRINCIPAL	168 INTEREST
169 (<u>August 1</u>)	170 <u>AMOUNT</u>	171 <u>RATE</u>
172 SERIAL BONDS		
173 2007	174 \$ 500,000	175 6.25%
176 2008	177 520,000	178 5.25

179 **WHEREAS**, the City has heretofore duly authorized, issued and delivered its
180 \$46,180,000 principal amount of Combined Utility Improvement and Refunding Revenue
181 Bonds, Series 2004-A, dated February 19, 2004, (the "Series 2004-A Bonds") pursuant to its
182 Ordinance and Resolution adopted January 20, 2004, in accordance with the requirements of
K.S.A. 10-116a, and K.S.A. 10-1201 et seq., all as amended; and

WHEREAS, as of June 1, 2007, there remains outstanding of the Series 2004-A
Bonds the principal amount of \$43,410,000 bearing interest payable semiannually on
February 1 and August 1 each year and maturing on August 1, as follows:

183	MATURITY	PRINCIPAL	INTEREST
184	<u>(August 1)</u>	<u>AMOUNT</u>	<u>RATE</u>
185			
186	SERIAL BONDS		
187			
188	2007	\$ 960,000	6.000%
189	2008	980,000	6.000
190	2009	1,005,000	6.000
191	2010	1,035,000	6.000
192	2011	1,065,000	6.000
193	2012	1,100,000	3.100
194	2013	1,135,000	3.300
195	2014	1,175,000	3.450
196	2015	1,220,000	3.650
197	2016	1,265,000	3.800
198	2017	1,315,000	4.000
199	2018	1,370,000	4.000
200	2019	1,425,000	4.125
201	2020	1,490,000	4.250
202	2021	1,555,000	4.250

204	MATURITY	PRINCIPAL	INTEREST
205	<u>(August 1)</u>	<u>AMOUNT</u>	<u>RATE</u>
206			
207	TERM BONDS		
208			
209	2023	\$ 3,315,000	4.50%
210	2029	11,960,000	4.50
211	2033	10,040,000	4.50

212
213 **WHEREAS**, the City has heretofore duly authorized, issued and delivered its
214 \$14,875,000 principal amount of Combined Utility Improvement Revenue Bonds, Series
215 2005-A, dated December 8, 2005, (the "Series 2005-A Bonds") pursuant to its Ordinance
216 and Resolution adopted November 8, 2005, in accordance with the requirements of K.S.A.
217 10-1201 et seq., as amended; and

218
219 **WHEREAS**, as of June 1, 2007, there remains outstanding of the Series 2005-A
220 Bonds the principal amount of \$14,395,000 bearing interest payable semiannually on
221 February 1 and August 1 each year and maturing on August 1, as follows:

222
223 (REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK)

	<u>MATURITY</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
224			
225			
226			
227		SERIAL BONDS	
228			
229	2006	\$ 480,000	4.50%
230	2007	205,000	4.00
231	2008	215,000	4.00
232	2009	225,000	4.00
233	2010	235,000	4.00
234	2011	240,000	4.00
235	2012	250,000	7.50
236	2013	270,000	7.50
237	2014	290,000	7.50
238	2015	315,000	7.50
239	2016	335,000	7.50
240	2017	360,000	4.25

	<u>MATURITY</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
241			
242			
243			
244			
245		TERM BONDS	
246			
247	2020	\$1,200,000	6.00%
248	2023	1,430,000	6.00
249	2025	1,100,000	6.00
250	2027	1,235,000	6.00
251	2035	6,490,000	5.25

252
253 **WHEREAS**, the City has heretofore duly authorized, issued and delivered its
254 \$22,600,000 principal amount of Combined Utility Refunding Revenue Bonds, Series 2006-
255 B, dated October 18, 2006, (the "Series 2006-B Bonds") pursuant to its Ordinance and
256 Resolution adopted September 26, 2006, in accordance with the requirements of K.S.A. 10-
257 116a and K.S.A. 10-1201 et seq., all as amended; and

258
259 **WHEREAS**, as of June 1, 2007, there remains outstanding of the Series 2006-B
260 Bonds the principal amount of \$22,600,000 bearing interest payable semiannually on
261 February 1 and August 1 each year and maturing on August 1, as follows:

262
263 (REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK)
264
265

	MATURITY (August 1)	PRINCIPAL AMOUNT	INTEREST RATE
	SERIAL BONDS		
271	2007	\$ 345,000	4.00%
272	2008	160,000	4.00
273	2009	705,000	4.00
274	2010	735,000	4.00
275	2011	750,000	4.00
276	2012	770,000	4.00
277	2013	815,000	5.00
278	2014	1,875,000	5.00
279	2015	2,365,000	5.00
280	2016	2,485,000	4.00
281	2017	2,595,000	4.00
282	2018	2,695,000	4.00
283	2019	2,810,000	4.00
284	2020	2,935,000	4.00
285	2021	560,000	4.25

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WHEREAS, the City has by its Ordinance No. 18906 passed and approved June 19, 2007, (the "Ordinance") authorized the issuance of its Combined Utility Improvement and Refunding Revenue Bonds, Series 2007-B in the aggregate principal amount of \$5,210,000 (the "Bonds") to pay the costs of the Improvements (i.e., \$2,858,622.02), (2) currently refund the City's Refunded Bonds (as defined herein), (3) fund a debt service reserve fund for the Bonds and (4) pay the costs of issuing the Bonds, all under the authority of K.S.A. 10-1201 et seq., K.S.A. 10-116a and Article 1 of Chapter 10, Kansas Statutes Annotated, all as amended; and

WHEREAS, as previously herein recited, the City on January 8, 2002, issued its Series 2001-A Bonds in the amount of \$25,365,000; and

WHEREAS, on March 25, 2003, the City combined its stormwater utility with the water and water pollution control utility creating a water, water pollution control and stormwater utility system (the "Combined Utility"); and

WHEREAS, as previously herein recited, the City on February 19, 2004, issued its Series 2004-A Bonds in the amount of \$46,180,000 which, in part, currently refunded the City's outstanding Series 1998A Water and Water Pollution Control Utility Refunding Revenue Bonds dated June 1, 1998; and

WHEREAS, as previously herein recited, the City on December 8, 2005, issued its Series 2005-A Bonds in the amount of \$14,875,000; and

WHEREAS, the City on October 18, 2006, issued its Combined Utility Refunding Revenue Bonds, Series 2006-A in the amount of \$32,375,000 (the "Series 2006-A Bonds")

313 which currently refunded all of the City’s outstanding Series 1998B Water and Water
314 Pollution Control Utility Revenue Bonds dated October 18, 2006; and

315
316 **WHEREAS**, as previously herein recited, the City on October 18, 2006, issued its
317 Series 2006-B Bonds in the amount of \$22,600,000 which advanced refunded the City’s
318 outstanding Series 2001-A Water and Water Pollution Control Utility Revenue Bonds
319 maturing in the years 2009 through and including 2031; and

320
321 **WHEREAS**, the City is issuing simultaneously with the Bonds, a series of Taxable
322 Combined Utility Improvement Revenue Bonds, Series 2007-C in the amount of \$2,140,000
323 (the “Series 2007-C Bonds”); and

324
325 **WHEREAS**, the Bonds are parity obligations of the City’s System and, as such shall
326 have equal lien status with the outstanding Series 2001-A Bonds not defeased in accordance
327 with **Section 701** of Resolution No. 7209 passed and approved by the governing body of the
328 City December 11, 2001, which resolution prescribed, among other things, the details of the
329 Series 2001-A Bonds; the Series 2004-A Bonds; the Series 2005-A Bonds, the Series 2006-
330 A Bonds, the Series 2006-B Bonds and the Series 2007-C; and

331
332 **WHEREAS**, the City has authorized certain loans in the maximum authorized
333 amount of \$145,144,633 from the Kansas Department of Health and Environment revolving
334 fund loan program (the “Permitted Loans”) and pledged the revenues from the System to the
335 payment of such Permitted Loans and any additional loans which would constitute Permitted
336 Loans under the Resolution hereinafter provided for; and

337
338 **WHEREAS**, the lien of the Permitted Loans upon the revenues of the System is
339 superior to the lien of the City’s outstanding Series 2001-A Bonds, and Series 2004-A
340 Bonds, Series 2005-A Bonds, Series 2006-A Bonds, Series 2006-B Bonds, Series 2007-C
341 Bonds and the Bonds hereby authorized and directed to be issued; and

342
343 **WHEREAS**, in accordance with the terms and conditions of the Ordinance, the City
344 hereby intends to both prescribe the form and details of the Bonds and authorize certain
345 other documents and actions in connection with the issuance of the Bonds.

346
347 **ARTICLE I**

348
349 **DEFINITIONS**

350
351 **Section 101. Definitions of Words and Terms.** In addition to words and terms
352 identified elsewhere herein, the following words and terms as used in this Resolution shall
353 have the following meanings:

354
355 **"Arbitrage Instructions"** means the Arbitrage Instructions attached to the City's
356 Federal Tax Certificate dated as of the date of issuance and delivery of the Bonds, as the
357 same may be amended or supplemented in accordance with the provisions thereof.

359 **"Bond and Interest Fund"** means the fund set aside by the City to consolidate and
360 maintain individual principal and interest accounts used to record and accumulate monthly
361 principal and interest payments for Outstanding utility revenue bonds.
362

363 **"Bond Counsel"** means the firm of Nichols and Wolfe Chartered, or any other
364 attorney or firm of attorneys with a nationally recognized standing in the field of municipal
365 bond financing as selected by the City.
366

367 **"Bond Payment Date"** means any date on which principal of or interest on any
368 Bond is payable.
369

370 **"Bond Register"** means the books for the registration, transfer and exchange of
371 Bonds kept at the office of the Bond Registrar.
372

373 **"Bond Registrar"** means the Treasurer of the State of Kansas, Topeka, Kansas, and
374 its successors and assigns thereto to the duties and responsibilities described in this
375 Resolution and in the related agreement between the City and the State Treasurer.
376

377 **"Bond Reserve Account"** means the Bond Reserve Account for the Series 2007-B
378 Bonds created herein.
379

380 **"Bond Reserve Requirement"** means an amount equal to Maximum Annual Debt
381 Service attributable to the Bonds and any additional bonds issued on a parity with the
382 Bonds; provided, however, that the Bond Reserve Requirement may not exceed the lessor of
383 (a) 125% of the average annual debt service on the Bonds and any additional bonds issued
384 on a parity with the Bonds, (b) 10% of the principal amount of the Bonds or any additional
385 bonds issued on a parity with the Bonds which may be added to the Bond Reserve
386 Requirement or (c) Maximum Annual Debt Service.
387

388 **"Bonds"** means the Combined Utility Improvement and Refunding Revenue Bonds,
389 Series 2007-B, authorized and issued by the City pursuant to the Ordinance and this
390 Resolution.
391

392 **"Business Day"** means a day other than a Saturday, Sunday or holiday on which the
393 Paying Agent is scheduled in the normal course of its operations to be open to the public for
394 conduct of its operations.
395

396 **"Cede & Co."** means Cede & Co., as nominee name of The Depository Trust
397 Company, New York, New York and any successors or assigns thereto.
398

399 **"City"** means the City of Topeka, Kansas, the issuer of the Bonds.
400

401 **"City Engineer"** means the person serving as the city engineer as defined in Section
402 2-148 of the Code of the City.
403

404 **"Clerk"** means the duly appointed and/or elected Clerk of the City or, in the Clerk's
405 absence, the duly appointed Deputy Clerk or Acting Clerk of the City, and any successors or
406 assigns thereto.

407
408 **"Code"** means the Internal Revenue Code of 1986, as amended.
409

410 **"Combined Utility"** means the water, water pollution control and stormwater
411 utilities of the City.

412
413 **"Costs of Issuance"** means all costs of issuing the Bonds, including all publication,
414 printing, signing and mailing expenses in connection therewith, registration fees, financial
415 advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses
416 incurred in connection with compliance with the Code and with the Disclosure Certificate,
417 all expenses, if any, incurred in connection with receiving ratings on the Bonds.

418
419 **"Dated Date"** means July 17, 2007.
420

421 **"Defaulted Interest"** means interest on any Bond which is payable but not paid on
422 any Interest Payment Date.

423
424 **"Defeasance Obligations"** means any of the following obligations:
425

426 (a) United States Government Obligations that are not subject to redemption in
427 advance of their maturity dates; or
428

429 (b) obligations of any state or political subdivision of any state, the interest on
430 which is excluded from gross income for federal income tax purposes and which meet the
431 following conditions:
432

433 (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the
434 trustee for such obligations has been given irrevocable instructions concerning their calling
435 and redemption and the issuer of such obligations has covenanted not to redeem such
436 obligations other than as set forth in such instructions;
437

438 (2) the obligations are secured by cash or United States Government Obligations
439 that may be applied only to principal of, premium, if any, and interest payments on such
440 obligations;
441

442 (3) such cash and the principal of and interest on such United States Government
443 Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the
444 obligations;
445

446 (4) such cash and United States Government Obligations serving as security for
447 the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in
448 trust; and
449

450 (5) such cash and United States Government Obligations are not available to
451 satisfy any other claims, including those against the trustee or escrow agent.

452
453 **"Disclosure Certificate"** means the Continuing Disclosure Certificate attached to
454 the City's Final Certificate as *Exhibit C* and included in the transcript of proceedings
455 pertaining to the issuance of the Bonds.

456
457 **"Director of Public Works"** means the person serving as the director of public
458 works as defined in Section 2-147 of the Code of the City.

459 **"Event of Default"** means each of the following occurrences or events:

460
461
462 (a) Payment of the principal or the Redemption Price of any of the Bonds shall
463 not be made when the same shall become due and payable, either at Stated Maturity or by
464 proceedings for redemption or otherwise; or

465
466 (b) Payment of any installment of interest on any of the Bonds shall not be made
467 when the same shall become due; or

468
469 (c) The City shall default in the due and punctual performance of any other of
470 the covenants, conditions, agreements and provisions contained in the Bonds or in this
471 Resolution on the part of the City to be performed (other than relating to Rule 15c2-12 as
472 defined in the Disclosure Certificate), and such default shall continue for thirty (30) days
473 after written notice specifying such default and requiring same to be remedied shall have
474 been given to the City by the Owner of any of the Bonds then Outstanding.

475
476 **"Expenses"** means the sum of (i) ordinary expenses of maintenance, operation and
477 repair, (ii) administrative expenses, (iii) reasonable pension fund contributions, (iv)
478 insurance expense, (v) legal expense and (vi) payments on Permitted Loans; provided,
479 however, Expenses shall not include payments in lieu of taxes, debt service payments on the
480 Bonds and any other obligations of the Combined Utility on a parity with the Bonds,
481 depreciation, amortization or other non-cash items.

482
483 **"Federal Tax Certificate"** means the certificate so named and included in the
484 transcript of proceedings pertaining to the issuance of the Bonds describing the investment
485 and use of the proceeds of the Bonds.

486
487 **"Fiscal Year"** means the twelve month period commencing on January 1 and
488 ending on December 31 of each year.

489
490 **"Funds and Accounts"** means funds and accounts created or referred to in **Section**
491 **501** hereof.

492
493 **"Gross Revenues"** means all receipts and revenues derived by the City from the
494 operation of the Combined Utility, including investment earnings but excluding any grants,
495 proceeds of bond issues and/or insurance proceeds.

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“Improvements” mean any repairs, rehabilitation, improvements, or expansion of the System by the City that are required to serve existing and future customers of the Combined Utility in accordance with the legal authority described in this Resolution.

“Insurance Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

“Insurer” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be February 1 and August 1 of each year, commencing February 1, 2008.

"Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or pursuant to mandatory redemption, or otherwise.

“Maximum Annual Debt Service” means, with respect to the Bonds and/or additional bonds issued on a parity with the Bonds, as of the date of the computation, the greatest amount required in the then current or any future fiscal year to pay the principal of and interest on such bonds.

"Mayor" means the duly appointed and/or elected Mayor of the City or, in the Mayor's absence, the duly appointed Deputy Mayor or Acting Mayor of the City.

“Moody’s” means Moody’s Investors Service, Inc., New York, New York, and any successors and assigns to the Bond rating functions thereof which is deemed acceptable by the City and Bond Counsel.

“Net Revenues” means Gross Revenues of the Combined Utility minus the sum of (i) Expenses and (ii) any required deposits to the Rebate Fund as provided in **Section 505** hereof.

“Original Purchaser” means, with respect to the Bonds, UBS Securities LLC, Dallas, Texas.

"Ordinance" means Ordinance No. 18906 adopted and approved June 19, 2007, and published as required by law, pursuant to which the issuance of the Bonds has been authorized.

"Outstanding" means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:

542 (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying
543 Agent for cancellation;

544
545 (b) Bonds deemed to be paid in accordance with the provisions of **Section 701**
546 hereof; and

547
548 (c) Bonds in exchange for or in lieu of which other Bonds have been
549 authenticated and delivered hereunder.

550
551 **"Owner"** when used with respect to any Bond means the Person in whose name
552 such Bond is registered on the Bond Register.

553
554 **"Participants"** means those financial institutions for whom the Securities
555 Depository effects book-entry transfers and pledges of securities deposited with the
556 Securities Depository, as such listing of Participants exists at the time of such reference.

557
558 **"Paying Agent"** means the State Treasurer, and any successors and assigns thereof
559 to the duties and responsibilities described in this Resolution and in the related agreement
560 between the City and the State Treasurer.

561
562 **"Permitted Investments"** means: (a) investments authorized by K.S.A. 12-1675
563 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A.
564 12-1677a, and amendments thereto; (c) direct obligations of the United States Government
565 or any agency thereof; (d) the City's temporary notes issued pursuant to K.S.A. 10-123 and
566 amendments thereto; (e) interest-bearing time deposits in commercial banks located in the
567 county or counties in which the City is located; (f) obligations of the Federal National
568 Mortgage Association, Federal Home Loan Banks or the Federal Home Loan Mortgage
569 Corporation; (g) repurchase agreements for securities described in (c) or (f); (h) investment
570 agreements with or other obligations of a financial institution the obligations of which at the
571 time of investment are rated in either of the three highest rating categories by Moody's, Inc.
572 or Standard & Poor's; (i) investments in shares or units of a money market fund or trust the
573 portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts
574 evidencing ownership interests in securities or portions thereof described in (c) or (f); (k)
575 municipal bonds or other obligations issued by any municipality of the State as defined in
576 K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l)
577 bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been re-
578 funded in advance of their maturity and are fully secured as to payment of principal and
579 interest thereon by deposit in trust, under escrow agreement with a bank, of securities
580 described in (c) or (f). No Permitted Investment shall include any derivative investment
581 instrument whose market price is derived from the fluctuating value of an underlying asset,
582 index, currency, futures contract, including futures, options and collateralized mortgage
583 obligations.

584
585 **"Permitted Loans"** means any State revolving loans for public drinking water
586 improvements, pollution control improvements, or for stormwater improvements.

587

588 **"Person"** means any natural person, corporation, partnership, joint venture,
589 association, firm, joint-stock company, trust, unincorporated organization, or government or
590 any agency or political subdivision thereof or other public body.

591
592 **"Principal and Interest Account"** means the Principal and Interest Account for the
593 Series 2007-B Bonds created herein within the City's Bond and Interest Fund.

594
595 **"Purchase Price"** means the purchase price of the Bonds as set forth in the *Bid*
596 *Proposal for Purchase of the Bonds* as submitted by the Original Purchaser and accepted by
597 the City, plus accrued interest, if any, from the Dated Date to the date of delivery of the
598 Bonds.

599
600 **"Rebate Fund"** means the Rebate Fund for the Series 2007-B Bonds created herein.

601
602 **"Record Dates"** for the interest payable on any Interest Payment Date means the
603 fifteenth day (whether or not a Business Day) of each month preceding such Interest
604 Payment Date.

605
606 **"Redemption Date"** when used with respect to any Bond to be redeemed means the
607 date fixed for the redemption of such Bond pursuant to the terms of this Resolution.

608
609 **"Redemption Price"** when used with respect to any Bond to be redeemed means
610 the price at which such Bond is to be redeemed pursuant to the terms of this Resolution,
611 including the applicable redemption premium, if any, but excluding installments of interest
612 whose Stated Maturity is on or before the Redemption Date.

613
614 **"Refunded Bonds"** means the Series 2001-A Refunded Bonds, Series 2004-A
615 Refunded Bonds, Series 2005-A Refunded Bonds and the Series 2006-B Refunded Bonds.

616
617 **"Replacement Bonds"** means Bonds issued to the beneficial owners of the Bonds
618 in accordance with **Section 211** hereof.

619
620 **"Representation Letter"** means the Blanket Issuer Letter of Representations from
621 the City to the Securities Depository with respect to the Bonds, substantially in the form
622 attached to this Resolution as *Exhibit B*.

623
624 **"Resolution"** means this resolution relating to the Bonds and any supplemental
625 resolution.

626
627 **"Revenue Fund"** means the Combined Utility Fund for the City's water, water
628 pollution control and stormwater utility revenue bonds.

629
630 **"Sales Proceeds"** means, with respect to the Bonds, or any additional bonds issued
631 on a parity with the Bonds, as of the issuance of such bonds, the aggregate of the initial
632 offering price of such bonds to the public (exclusive of accrued interest).

633

634 **"Securities Depository"** means, initially, The Depository Trust Company, New
635 York, New York, and its successors and assigns.

636
637 **"Series 2001-A Refunded Bonds"** means the City's Water and Water Pollution
638 Control Utility Revenue Bonds, Series 2001-A, maturing August 1, 2007, (i.e., \$500,000)
639 being refunded with the proceeds of the Bonds.

640
641 **"Series 2004-A Refunded Bonds"** means the City's Combined Utility Improvement
642 and Refunding Revenue Bonds, Series 2004-A, maturing August 1, 2007, (i.e., \$960,000)
643 being refunded with the proceeds of the Bonds.

644
645 **"Series 2005-A Refunded Bonds"** means the City's Combined Utility Improvement
646 Revenue Bonds, Series 2005-A, maturing August 1, 2007, (i.e., \$205,000) being refunded
647 with the proceeds of the Bonds.

648
649 **"Series 2006-B Refunded Bonds"** means the City's Combined Utility Refunding
650 Revenue Bonds, Series 2006-B, maturing August 1, 2007, (i.e., \$345,000) being refunded
651 with the proceeds of the Bonds.

652
653 **"Special Record Date"** means the date fixed by the Paying Agent pursuant to
654 **Section 204** hereof for the payment of Defaulted Interest.

655
656 **"Standard & Poor's"** means Standard & Poor's Ratings Services, a Division of The
657 McGraw Hill Companies, Inc., New York, New York, and any successors or assigns to the
658 Bond rating functions thereof which is deemed acceptable by the City and Bond Counsel.

659
660 **"State"** means the State of Kansas.

661
662 **"State Treasurer"** means the duly elected Treasurer or, in the Treasurer's absence,
663 the duly appointed Deputy Treasurer or acting Treasurer of the State of Kansas, and any
664 successors or assigns thereto to the duties contemplated under this Resolution and the
665 related agreement between the City of Topeka and the State Treasurer.

666
667 **"Stated Maturity"** means (i) with respect to any Bond principal payment, the date
668 on which payment or principal is due and payable on any Bond, as specified on that Bond
669 and in this Resolution, and (ii) with respect to any Interest Payment, each February 1 and
670 August 1 of the year in which any Bond is Outstanding, beginning February 1, 2008.

671
672 **"System"** means the combined water, water pollution control and stormwater utility
673 facilities of the City.

674
675 **"Term Bonds"** means the Bonds scheduled to mature in the years 2027, 2029 and
676 2037.

677

678 "Treasurer" means the duly appointed and/or elected Treasurer of the City or, in
679 the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the
680 City, and any successors or assigns thereto.

681
682 "United States Government Obligations" means bonds, notes, certificates of
683 indebtedness, treasury bills or other securities consisting of direct obligations of, or
684 obligations the principal of and interest on which are fully and unconditionally guaranteed
685 as to full and timely payment by, the United States of America, including evidences of a
686 direct ownership interest in the future interest or principal payment on obligations issued by
687 the United States of America (including the interest component of obligations of the
688 Resolution Funding Corporation).

689
690 ARTICLE II

691
692 AUTHORIZATION AND DETAILS OF THE BONDS
693

694 **Section 201. Authorization of the Bonds.** There shall be issued and hereby are
695 authorized and directed to be issued Combined Utility Improvement and Refunding
696 Revenue Bonds, Series 2007-B, of the City in the aggregate principal amount of \$5,210,000
697 for the purpose of providing funds to (1) pay the costs of the Improvements, (2) currently
698 refund the City's Refunded Bonds, (3) fund a debt service reserve fund for the Bonds and
699 (4) pay the costs of issuing the Bonds, all in accordance with K.S.A. 10-116a and K.S.A.
700 10-1201 *et seq.*, all as amended.

701
702 **Section 202. Description of the Bonds.** The Bonds shall consist of fully registered
703 bonds in the denominations of \$5,000 or any integral multiple thereof and shall be
704 numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be
705 dated July 17, 2007, shall become due in the amounts on the Stated Maturities (subject to
706 redemption and payment prior to their Stated Maturities as provided in Article III hereof),
707 and shall bear interest at the rates per annum as follows:

708

709 MATURITY	709 PRINCIPAL	709 INTEREST
710 <u>(August 1)</u>	710 <u>AMOUNT</u>	710 <u>RATE</u>
711		
712 TERM BONDS		
713		
714 2027	\$1,770,000	4.625%
715 2029	1,065,000	4.750
716 2037	2,375,000	4.750
717		

718 The Bonds shall bear interest at the above specified rates (computed on the basis of
719 a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent
720 Interest Payment Date to which interest has been paid, payable on the Interest Payment
721 Dates in the manner set forth in **Section 204** hereof.

722
723 Each of the Bonds, as originally issued or issued upon transfer, exchange or
724 substitution, shall be typed or printed in accordance with the format required by the

725 Attorney General of the State and shall be substantially in the form attached hereto as
726 *Exhibit A* or as may be required by the Attorney General pursuant to the Notice of Systems
727 of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with
728 the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*
729

730 **Section 203. Designation of Paying Agent and Bond Registrar.** The Treasurer of
731 the State of Kansas, Topeka, Kansas, is hereby designated as the Paying Agent for the
732 payment of principal of and interest on the Bonds and Bond Registrar with respect to the
733 registration, transfer and exchange of Bonds. The Mayor and Clerk of the City are hereby
734 authorized and empowered to execute on behalf of the City an agreement with the Bond
735 Registrar and Paying Agent for the Bonds.
736

737 The City will at all times maintain a Paying Agent and Bond Registrar meeting the
738 qualifications herein described for the performance of the duties hereunder. The City
739 reserves the right to appoint a successor Paying Agent or Bond Registrar by (1) filing with
740 the Paying Agent or Bond Registrar then performing such function a certified copy of the
741 proceedings giving notice of the termination of such Paying Agent or Bond Registrar and
742 appointing a successor, and (2) causing notice of appointment of the successor Paying Agent
743 and Bond Registrar to be given by first class mail to each Owner. No resignation or
744 removal of the Paying Agent or Bond Registrar shall become effective until a successor has
745 been appointed and has accepted the duties of Paying Agent or Bond Registrar.
746

747 Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet
748 the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.
749

750 **Section 204. Method and Place of Payment of the Bonds.** The principal or
751 Redemption Price of and interest on the Bonds shall be payable in any coin or currency
752 which, on the respective dates of payment thereof, is legal tender for the payment of public
753 and private debts.
754

755 The principal or Redemption Price of each Bond shall be paid at Maturity to the
756 Person in whose name such Bond is registered on the Bond Register at the Maturity thereof,
757 upon presentation and surrender of such Bond at the principal corporate trust office of the
758 Paying Agent.
759

760 The interest payable on each Bond on any Interest Payment Date shall be paid to the
761 Owner of such Bond as shown on the Bond Register at the close of business on the Record
762 Date for such interest (a) by check or draft mailed by the Paying Agent to the address of
763 such Owner shown on the Bond Register or (b) in the case of an interest payment to any
764 Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer
765 to such Owner upon written notice given to the Bond Registrar by such Owner, not less than
766 15 days prior to the Record Date for such interest, containing the electronic transfer in-
767 structions including the bank (which shall be in the continental United States) ABA routing
768 number and account number to which such Owner wishes to have such transfer directed.
769

770 Notwithstanding the foregoing provisions of this Section, any Defaulted Interest
771 with respect to any Bond shall cease to be payable to the Owner of such Bond on the
772 relevant Record Date and shall be payable to the Owner in whose name such Bond is
773 registered at the close of business on the Special Record Date for the payment of such
774 Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this
775 paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted
776 Interest proposed to be paid on each Bond and the date of the proposed payment (which date
777 shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit
778 with the Paying Agent at the time of such notice an amount of money equal to the aggregate
779 amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements
780 satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment.
781 Following receipt of such funds the Paying Agent shall fix a Special Record Date for the
782 payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days
783 prior to the date of the proposed payment. The Paying Agent shall promptly notify the City
784 of such Special Record Date and, in the name and at the expense of the City, shall cause
785 notice of the proposed payment of such Defaulted Interest and the Special Record Date
786 therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled
787 to such notice at the address of such Owner as it appears on the Bond Register not less than
788 10 days prior to such Special Record Date.

789
790 The Paying Agent shall keep a record of payment of principal and Redemption Price
791 of and interest on all Bonds and at least annually shall forward a copy or summary of such
792 records to the City.

793
794 **Section 205. Registration, Transfer and Exchange of Bonds.** The City covenants
795 that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be
796 kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be
797 registered in the name of the Owner thereof on the Bond Register.

798
799 Bonds may be transferred and exchanged only on the Bond Register as provided in
800 this Section. Upon surrender of any Bond at the principal corporate trust office of the Bond
801 Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds
802 in any authorized denomination of the same Stated Maturity and in the same aggregate
803 principal amount as the Bond that was presented for transfer or exchange.

804
805 Bonds presented for transfer or exchange shall be accompanied by a written
806 instrument or instruments of transfer or authorization for exchange, in a form and with
807 guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner
808 thereof or by the Owner's duly authorized agent.

809
810 In all cases in which the privilege of transferring or exchanging Bonds is exercised,
811 the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of
812 this Resolution. The City shall pay the fees and expenses of the Bond Registrar for the
813 registration, transfer and exchange of Bonds provided for by this Resolution and the cost of
814 printing a reasonable supply of registered bond blanks. Any additional costs or fees that
815 might be incurred in the secondary market, other than fees of the Bond Registrar, are the

816 responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct
817 taxpayer identification number to the Paying Agent, the Paying Agent may make a charge
818 against such Owner sufficient to pay any governmental charge required to be paid as a result
819 of such failure. In compliance with Section 3406 of the Code, such amount may be
820 deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or
821 under the Bonds.

822

823 The City and the Bond Registrar shall not be required (a) to register the transfer or
824 exchange of any Bond that has been called for redemption after notice of such redemption
825 has been mailed by the Paying Agent pursuant to **Section 303** hereof and during the period
826 of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register
827 the transfer or exchange of any Bond during a period beginning at the opening of business
828 on the day after receiving written notice from the City of its intent to pay Defaulted Interest
829 and ending at the close of business on the date fixed for the payment of Defaulted Interest
830 pursuant to **Section 204** hereof.

831

832 The City and the Paying Agent may deem and treat the Person in whose name any
833 Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such
834 Bond is overdue or not, for the purpose of receiving payment of, or on account of, the
835 principal or Redemption Price of and interest on said Bond and for all other purposes. All
836 payments so made to any such Owner or upon the Owner's order shall be valid and effective
837 to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so
838 paid, and neither the City nor the Paying Agent shall be affected by any notice to the
839 contrary.

840

841 At reasonable times and under reasonable regulations established by the Bond
842 Registrar, the Bond Register may be inspected and copied by the Owners of 10% or more in
843 principal amount of the Bonds then Outstanding or any designated representative of such
844 Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

845

846 **Section 206. Execution, Registration, Authentication and Delivery of Bonds.**
847 Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds
848 initially delivered, shall be executed for and on behalf of the City by the manual or facsimile
849 signature of the Mayor, attested by the manual or facsimile signature of the Clerk and the
850 seal of the City shall be affixed thereto or imprinted thereon. The Mayor and Clerk are
851 hereby authorized and directed to prepare and execute the Bonds in the manner herein
852 specified, and to cause the Bonds to be registered in the office of the Clerk, which
853 registration shall be evidenced by the manual or facsimile signature of the Clerk with the
854 seal of the City affixed thereto or imprinted thereon. The Bonds shall also be registered in
855 the office of the State Treasurer, which registration shall be evidenced by the manual or
856 facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto
857 or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to
858 be such officer before the delivery of such Bonds, such signature shall nevertheless be valid
859 and sufficient for all purposes, as if such person had remained in office until delivery. Any
860 Bond may be signed by such persons who at the actual time of the execution of such Bond

861 are the proper officers to sign such Bond although at the date of such Bond such persons
862 may not have been such officers.

863

864 The Bonds shall have endorsed thereon a *Certificate of Authentication* substantially
865 in the form attached hereto as *Exhibit A* hereof, which shall be manually executed by an
866 authorized officer or employee of the Bond Registrar, but it shall not be necessary that the
867 same officer or employee sign the *Certificate of Authentication* on all of the Bonds that may
868 be issued hereunder at any one time. No Bond shall be entitled to any security or benefit
869 under this Resolution or be valid or obligatory for any purpose unless and until such
870 *Certificate of Authentication* has been duly executed by the Bond Registrar. Such executed
871 *Certificate of Authentication* upon any Bond shall be conclusive evidence that such Bond
872 has been duly authenticated and delivered under this Resolution. Upon authentication, the
873 Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the City or its
874 representative.

875

876 **Section 207. Mutilated, Lost, Stolen or Destroyed Bonds.** If (a) any mutilated
877 Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its
878 satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the
879 City and the Bond Registrar such security or indemnity as may be required by each of them,
880 then, in the absence of notice to the City or the Bond Registrar that such Bond has been
881 acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the
882 Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such
883 mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of
884 like tenor and principal amount.

885

886 If any such mutilated, destroyed, lost or stolen Bond has become or is about to
887 become due and payable, the City, in its discretion, may pay such Bond instead of issuing a
888 new Bond.

889

890 Upon the issuance of any new Bond under this Section, the City may require the
891 payment by the Owner of a sum sufficient to cover any tax or other governmental charge
892 that may be imposed in relation thereto and any other expenses (including the fees and
893 expenses of the Paying Agent) connected therewith.

894

895 Every new Bond issued pursuant to this Section shall constitute a replacement of the
896 prior obligation of the City, and shall be entitled to all the benefits of this Resolution equally
897 and ratably with all other Outstanding Bonds.

898

899 **Section 208. Cancellation and Destruction of Bonds Upon Payment.** All Bonds
900 that have been paid or redeemed or that otherwise have been surrendered to the Paying
901 Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately
902 upon the payment, redemption and surrender thereof to the Paying Agent and subsequently
903 destroyed in accordance with the customary practices of the Paying Agent. The Paying
904 Agent shall execute a certificate in duplicate describing the Bonds so cancelled and
905 destroyed and shall file an executed counterpart of such certificate with the City.

906

907 **Section 209. Preliminary and Final Official Statement.** *The Preliminary Official*
908 *Statement* dated June 11, 2007, is hereby ratified and approved. For the purpose of enabling
909 the Original Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the
910 Securities and Exchange Commission, the City hereby deems the information regarding the
911 City contained in the *Preliminary Official Statement* to be "final" as of its date, except for
912 the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate
913 officers of the City are hereby authorized, if requested, to provide the Original Purchaser a
914 letter or certification to such effect and to take such other actions or execute such other
915 documents as such officers in their reasonable judgment deem necessary to enable the
916 Original Purchaser to comply with the requirement of such Rule.

917
918 The final *Official Statement* is hereby authorized to be prepared by supplementing,
919 amending and completing the *Preliminary Official Statement*, with such changes and
920 additions thereto as are necessary to conform to and describe the transaction. The Mayor is
921 hereby authorized to execute the final *Official Statement* as so supplemented, amended and
922 completed, and the use and public distribution of the final *Official Statement* by the Original
923 Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper
924 officials of the City are hereby authorized to execute and deliver a certificate pertaining to
925 such *Official Statement* as prescribed therein, dated as of the date of payment for and
926 delivery of the Bonds.

927
928 The City agrees to provide to the Original Purchaser within seven business days of
929 the date of the sale of Bonds sufficient copies of the final *Official Statement* to enable the
930 Original Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities
931 and Exchange Commission and with the requirements of Rule G-32 of the Municipal
932 Securities Rulemaking Board.

933
934 **Section 210. Sale of the Bonds.** The sale of the Bonds to the Original Purchaser is
935 hereby ratified and confirmed. Delivery of the Bonds shall be made to the Original
936 Purchaser as soon as practicable after the passage of this Resolution, upon payment of the
937 Purchase Price.

938
939 **Section 211. Book-Entry Bonds; Securities Depository.**

940
941 (a) The Bonds shall initially be registered to Cede & Co., the nominee for the
942 Securities Depository, and no beneficial owner will receive certificates representing its
943 respective interests in the Bonds, except in the event the Bond Registrar issues Replacement
944 Bonds as provided in subsection (b) hereof. It is anticipated that during the term of the
945 Bonds, the Securities Depository will make book-entry transfers among its Participants and
946 receive and transmit payment of principal of, redemption premium, if any, and interest on,
947 the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers
948 Replacement Bonds to the beneficial owners as described in subsection (b).

949
950 (b) (1) If the City determines (A) that the Securities Depository is unable to
951 properly discharge its responsibilities, or (B) that the Securities Depository is no longer
952 qualified to act as a securities depository and registered clearing agency under the Securities

953 and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system
954 to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer
955 in the best interests of the beneficial owners of the Bonds, or (2) if the Bond Registrar
956 receives written notice from Participants having interests in not less than 50% of the Bonds
957 Outstanding, as shown on the records of the Securities Depository (and certified to such
958 effect by the Securities Depository), that the continuation of a book-entry system to the
959 exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the
960 best interests of the beneficial owners of the Bonds, then the Bond Registrar shall notify the
961 Owners of such determination or such notice and of the availability of certificates to Owners
962 requesting the same, and the Bond Registrar shall register in the name and authenticate and
963 deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts
964 representing the interest of each, making such adjustments as it may find necessary or
965 appropriate as to accrued interest and previous calls for redemption; provided, that in the
966 case of a determination under (1)(A) or (1)(B) of this subsection (b), the City, with the
967 consent of the Bond Registrar, may select a successor securities depository in accordance
968 with **Section 211(c)** hereof to effect book-entry transfers. In such event, all references to the
969 Securities Depository herein shall relate to the period of time when the Securities
970 Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds,
971 all references herein to obligations imposed upon or to be performed by the Securities
972 Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to
973 the extent applicable with respect to such Replacement Bonds. If the Securities Depository
974 resigns and the City, the Bond Registrar or Owners are unable to locate a qualified successor
975 of the Securities Depository in accordance with **Section 211(c)** hereof, then the Bond
976 Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as
977 provided herein. The Bond Registrar may rely on information from the Securities
978 Depository and its Participants as to the names of the beneficial owners of the Bonds. The
979 cost of printing, registration, authentication and delivery of Replacement Bonds shall be
980 paid for by the City.

981

982 (c) In the event the Securities Depository resigns, is unable to properly
983 discharge its responsibilities, or is no longer qualified to act as a securities depository and
984 registered clearing agency under the Securities and Exchange Act of 1934, as amended, the
985 City may appoint a successor Securities Depository provided the Bond Registrar and the
986 City receive written evidence with respect to the ability of the successor Securities
987 Depository to discharge its responsibilities. Any such successor Securities Depository shall
988 be a securities depository which is a registered clearing agency under the Securities and
989 Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a
990 securities depository upon reasonable and customary terms. The Bond Registrar upon its
991 receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the
992 successor Securities Depository in appropriate denominations and form as provided herein.

993

994 (d) The execution and delivery of the Representation Letter to DTC by the
995 Mayor of the City in the form attached hereto as *Exhibit B* with such changes, omissions,
996 insertions and revisions as the Mayor shall deem advisable, is hereby authorized, and
997 execution of the Representation Letter by the Mayor shall be conclusive evidence of such
998 approval. The Representation Letter shall set forth certain matters with respect to, among

999 other things, notices, consents and approvals by Registered Owners of the Bonds and
1000 Beneficial Owners and payments on the Bonds. The Paying Agent shall have the same
1001 rights with respect to its actions thereunder as it has with respect to its actions under this
1002 Resolution.

1003
1004 ARTICLE III

1005
1006 REDEMPTION OF BONDS

1007
1008 **Section 301. Optional and Mandatory Redemption by City.**
1009

1010 (a) Optional Redemption. The Bonds maturing prior to August 1, 2016, shall
1011 become due without the option of prior payment. The Bonds or portion thereof either
1012 maturing or subject to mandatory redemption and payment on or after August 1, 2016, may
1013 be called for redemption and payment prior to maturity on August 1, 2015, and thereafter in
1014 whole or in part on any date (Bonds of less than a single maturity to be selected by lot in
1015 multiples of \$5,000 principal amount by the Paying Agent and Bond Registrar in such
1016 equitable manner as they shall designate), at the redemption price equal to 100% of the
1017 principal amount thereof, plus accrued interest thereon, if any, to the date fixed for redemp-
1018 tion and payment.

1019
1020 (b) Mandatory Redemption. The Term Bonds shall be subject to mandatory
1021 redemption and payment prior to Stated Maturity pursuant to the mandatory redemption
1022 requirements of this Section at a Redemption Price equal to 100% of the principal amount
1023 thereof plus accrued interest to the Redemption Date. The City shall redeem on August 1 in
1024 each year the following principal amounts of such Term Bonds:

1025
1026 2027 TERM BONDS

1027	Principal	
1028	<u>Amount</u>	<u>Year</u>
1029		
1030	\$490,000	2025
1031	655,000	2026

1032
1033 (leaving \$625,000 to mature August 1, 2027)

1034
1035 2029 TERM BONDS

1036	Principal	
1037	<u>Amount</u>	<u>Year</u>
1038		
1039	\$630,000	2028

1040
1041 (leaving \$435,000 to mature August 1, 2029)

2037 TERM BONDS

	<u>Principal</u>	<u>Year</u>
1043		
1044		
1045		
1046		
1047	\$255,000	2030
1048	265,000	2031
1049	280,000	2032
1050	295,000	2033
1051	305,000	2034
1052	310,000	2035
1053	325,000	2036

(leaving \$340,000 to mature August 1, 2037)

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the City may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof, whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection (b)) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection (b). Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity in chronological order, and the principal amount of Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.

Section 302. Selection of Bonds to be Redeemed. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Bonds of the same maturity are to be redeemed and paid prior to their Stated Maturity, the Bonds to be redeemed shall be selected by the Bond Registrar in \$5,000 units of principal amount in such equitable manner as the Bond Registrar may determine.

1088 In the case of a partial redemption of Bonds by lot when Bonds of denominations
1089 greater than \$5,000 are then Outstanding, then for all purposes in connection with such
1090 redemption each \$5,000 of face value shall be treated as though it were a separate Bond of
1091 the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000
1092 units of face value represented by any Bond is selected for redemption, then upon notice of
1093 intention to redeem such \$5,000 unit or units, the Owner or the Owner's duly authorized
1094 agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for
1095 payment of the Redemption Price and interest to the Redemption Date of such \$5,000 unit
1096 or units of face value called for redemption, and (2) for exchange, without charge to the
1097 Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the
1098 unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond
1099 fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such
1100 Bond shall, nevertheless, become due and payable on the redemption date to the extent of
1101 the \$5,000 unit or units of face value called for redemption (and to that extent only).
1102

1103 **Section 303. Notice and Effect of Call for Redemption.** In the event the City
1104 desires to call the Bonds for redemption prior to maturity, written notice of such intent shall
1105 be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less
1106 than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for
1107 redemption and payment and shall give notice of such redemption as herein provided upon
1108 receipt by it of the City's written notice at least 45 days prior to the Redemption Date. If the
1109 Bonds are refunded more than 90 days in advance of such Redemption Date, any escrow
1110 agreement entered into by the City in connection with such refunding shall provide that such
1111 written instructions to the Paying Agent shall be given by the escrow agent on behalf of the
1112 City not more than 90 days prior to the Redemption Date. The Paying Agent may in its
1113 discretion waive such notice period so long as the notice requirements set forth in **Section**
1114 **303** are met.
1115

1116 Unless waived by any Owner of Bonds to be redeemed, the Bond Registrar shall
1117 give written notice of the redemption of said Bonds on a specified date, the same being
1118 described by maturity, said notice to be mailed by United States first class mail addressed to
1119 the Owners of said Bonds to be redeemed and to the Original Purchaser of the Bonds, each
1120 of said notices to be mailed not less than 30 days prior to the date fixed for redemption. The
1121 City and Bond Registrar shall also give such additional notice as may be required by Kansas
1122 law or regulations of the Securities and Exchange Commission in effect as of the date of
1123 such notice.
1124

1125 All official notices of redemption shall be dated and shall contain the following
1126 information:
1127

1128 (a) the Redemption Date;

1129
1130 (b) the Redemption Price;

1131

1132 (c) if less than all Outstanding Bonds are to be redeemed, the identification
1133 (and, in the case of partial redemption of any Bonds, the respective principal amounts) of
1134 the Bonds to be redeemed;

1135
1136 (d) a statement that on the Redemption Date the Redemption Price will become
1137 due and payable upon each such Bond or portion thereof called for redemption and that
1138 interest thereon shall cease to accrue from and after the Redemption Date; and

1139
1140 (e) the place where such Bonds are to be surrendered for payment of the
1141 Redemption Price, which shall be the principal office of the Paying Agent.

1142
1143 The failure of any Owner to receive notice given as heretofore provided or an
1144 immaterial defect therein shall not invalidate any redemption.

1145
1146 Prior to any Redemption Date, the City shall deposit with the Paying Agent
1147 Defeasance Obligations sufficient to pay the Redemption Price of all the Bonds or portions
1148 of Bonds that are to be redeemed on such Redemption Date.

1149
1150 Official notice of redemption having been given as aforesaid, the Bonds or portions
1151 of Bonds to be redeemed shall become due and payable on the Redemption Date at the
1152 Redemption Price therein specified and, from and after the Redemption Date (unless the
1153 City defaults in the payment of the Redemption Price), such Bonds or portion of Bonds shall
1154 cease to bear interest. Upon surrender of such Bonds for redemption in accordance with
1155 such notice, the Redemption Date shall be payable as herein provided for payment of
1156 interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for
1157 the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid
1158 principal as provided herein. All Bonds that have been surrendered for redemption shall be
1159 cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

1160
1161 The Paying Agent is also directed to comply with any mandatory or voluntary
1162 standards then in effect for processing redemptions of municipal securities established by
1163 the State or the Securities Exchange Commission. Failure to comply with such standards
1164 shall not affect or invalidate the redemption of any Bond.

1165
1166 ARTICLE IV

1167
1168 SECURITY FOR AND PAYMENT OF BONDS

1169
1170 **Section 401. Security for the Bonds.** The principal and interest on the Bonds shall
1171 be payable solely from the Net Revenues derived by the City from the rates, fees and
1172 charges collected by the City from the operation of the Combined Utility, including all
1173 improvements, extensions and enlargements thereto hereafter constructed or acquired by the
1174 City and not paid for from any other fund or source. The Bonds shall constitute a lien upon
1175 the revenues produced from the operations of the City's Combined Utility. The Bonds and
1176 the interest thereon are payable solely from revenues derived from the rates, fees or charges
1177 collected by the City from the operation of the City's Combined Utility and not from any

1178 other funds or sources. The Bonds will not constitute a general obligation of the City, and
1179 no taxes can be levied by the City to pay either principal or interest thereon.

1180

1181

ARTICLE V

1182

1183

ESTABLISHMENT OF FUNDS AND ACCOUNTS

1184

DEPOSIT AND APPLICATION OF MONEYS

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Section 501. Ratification; Establishment of Funds and Accounts. The City hereby covenants and agrees that so long as the Bonds remain outstanding and unpaid, all of the revenues derived by the City from the operation of the Combined Utility, including all revenues from all improvements, extensions and enlargements of the System hereinafter constructed or acquired by the City, shall be paid to the Treasurer of the City and deposited in the City's Water, Water Pollution Control and Stormwater Utility Revenue Fund (the "Revenue Fund") heretofore established in the treasury of the City and said Revenue Fund shall only be used to pay the Expenses of the Combined Utility and to pay the principal of and the interest on the Bonds and any prior revenue or general obligation bonds or outstanding and unpaid, as provided by law.

1197

1198

1199

The following funds and accounts presently existing in the treasury of the City are hereby ratified and affirmed:

1200

1201

1202

- (a) Water, Water Pollution Control, and Stormwater Utility Revenue Fund (the "Revenue Fund"); and

1203

1204

1205

- (b) Water, Water Pollution Control and Stormwater Utility Construction Fund (the "Construction Fund"); and

1206

1207

1208

- (c) Water, Water Pollution Control and Stormwater Utility Renewal and Replacement Account (the "Renewal and Replacement Account").

1209

1210

1211

1212

Contemporaneous with the issuance of the Bonds, there are hereby created and ordered to be established in the treasury of the City the following additional funds and accounts:

1213

1214

1215

1216

- (a) Principal and Interest Account for Combined Utility Improvement and Refunding Revenue Bonds, Series 2007-B (the "Principal and Interest Account"); and

1217

1218

1219

- (b) Reserve Account for Combined Utility Improvement and Refunding Revenue Bonds, Series 2007-B (the "Bond Reserve Account"); and

1220

1221

1222

- (c) Rebate Fund for Combined Utility Improvement and Refunding Revenue Bonds, Series 2007-B (the "Rebate Fund").

1223 The Funds and Accounts established herein shall be administered in accordance with
1224 the provisions of this Resolution so long as the Bonds are Outstanding.

1225
1226 **Section 502. Disposition of Bond Proceeds.**

- 1227
1228 (a) Accrued interest, if any, on the Bonds will be deposited into the Series 2007-
1229 B Principal and Interest Account established and created in **Section 501** of
1230 this Resolution;
- 1231
1232 (b) \$2,065,425.00 of the proceeds of the Bonds shall be deposited with the
1233 Kansas State Treasurer to redeem and pay all of the Refunded Bonds on
1234 August 1, 2007;
- 1235
1236 (c) \$2,914,221.90 of the proceeds of the Bonds shall be deposited in the
1237 Construction Fund to pay both the costs of the Improvements and the costs,
1238 fees and expenses incurred in connection with the issuance of the Bonds not
1239 including the bond insurance premium in the amount of \$27,193.33 which
1240 will be paid upon and as a closing condition; and
- 1241
1242 (d) \$109,911.36 of the proceeds of the Bonds shall be deposited in the Bond
1243 Reserve Account established and created in **Section 501** of this Resolution.

1244
1245
1246 **Section 503. Application of Moneys in the Construction Fund.** That moneys in
1247 the Construction Fund shall be used by the City for the sole purpose of paying the cost of
1248 improving the System as hereinbefore provided, in accordance with the plans and
1249 specifications therefore, heretofore approved by the City Engineer and on file in the office
1250 of the City Clerk, including any alterations in or amendments to said plans and
1251 specifications approved by the City Engineer, and for paying the costs and expenses
1252 incidental to the issuance of the Bonds.

1253
1254 Withdrawals of bond proceeds from the Construction Fund shall be made only when
1255 authorized by executed warrants therefore accompanied by a certificate executed by the
1256 Director of Public Works of the City that such payment is being made for a purpose within
1257 the scope of this Resolution and that the amount of such payment represents only the
1258 contract price of the property, equipment, labor, materials or service being paid for, or if
1259 such payment is not being made pursuant to an express contract, that such payment is not in
1260 excess of the reasonable value thereof. Nothing hereinbefore contained shall prevent the
1261 payment out of the Construction Fund of all costs and expenses incidental to the issuance of
1262 the Bonds without a certificate from the Director of Public Works of the City.

1263
1264 Upon completion of the extensions, enlargements and improvements to the System
1265 as hereinbefore provided, any surplus remaining in the Construction Fund shall be deposited
1266 in the Revenue Fund.

1268 **Section 504. Application of Moneys in other Funds and Accounts.** Gross
1269 Revenues shall be deposited in the Revenue Fund. The City shall pay from the Revenue
1270 Fund the Expenses of the Combined Utility and keeping the same in good repair and
1271 working order. After paying and providing for the payment of the Expenses and any
1272 required deposits to the Rebate Fund as provided in **Section 505** of this Resolution, the City
1273 further covenants and agrees that it will allocate, pay and credit the Net Revenues at the time
1274 in the Revenue Fund as follows in such amounts so at all times the City will have sufficient
1275 money to meet and pay the requirements of the Principal and Interest Account, Bond
1276 Reserve Account and any other obligations of the Combined Utility on a parity with the
1277 Bonds.

1278 (a) There shall first be paid and credited to the Principal and Interest Account,
1279 accrued interest, if any, received by the City upon delivery of the Bonds,
1280 respectively, and to the extent necessary to meet at the maturity thereof the
1281 interest on and the principal of the Bonds the following amounts:

1282 (1) Beginning on or before August 1, 2007, and continuing on the first day of
1283 each month thereafter an equal pro rata portion of the interest that will
1284 become due on the Bonds on February 1, 2008; and beginning on March 1,
1285 2008, and continuing on the first day of each month thereafter an equal pro
1286 rata portion of the interest that will become due on the Bonds on the next
1287 succeeding Interest Payment Date.

1288 (2) Beginning on August 1, 2007, and continuing on the first day of each
1289 month thereafter an equal pro rata portion of the principal of the Bonds that
1290 will become due on August 1, 2008, and continuing on the first day of each
1291 month thereafter an equal pro rata portion of the principal amount of the
1292 Bonds that will become due on the next succeeding principal payment or
1293 mandatory redemption date of the Bonds.

1294 All amounts paid and credited to both the Principal and Interest Account shall be
1295 used and expended by the City for the sole purpose of paying the interest on and
1296 principal of the Bonds as and when the same become due and to pay related fees of
1297 the Paying Agent.

1298 (b) Monies held in the Bond Reserve Account shall be used solely to prevent any
1299 default in the payment of the principal of or interest on the Bonds if at any time the
1300 monies in the Principal and Interest Account are insufficient to pay the principal of
1301 and/or interest on the Bonds. Unless all of the Bonds outstanding at any given
1302 time are called for redemption and payment or are refunded as is provided in this
1303 Resolution, no part of the Bond Reserve Account shall ever be used or expended
1304 by the City to call and redeem, in part, said Bonds for payment prior to their
1305 ultimate maturity. So long as the monies and investments in the Bond Reserve
1306 Account shall aggregate not less than the Bond Reserve Requirement no payments
1307 into said account shall be required, but if at any time the City shall be compelled to
1308 use and expend any part of said Bond Reserve Account for any purpose and/or the
1309 amount in said account shall be less than the Bond Reserve Requirement, then the
1310 City, after making all payments and credits at the time required to be made by it
1311 under the provisions of this Resolution, will make monthly payments or credits to
1312 the Bond Reserve Account in such amounts as are sufficient to replenish the
1313 account to its required balance within eighteen (18) months of the shortfall therein.

1314 (c) After making all payments and credits from the Revenue Fund at the time required
1315 to be made under provisions of paragraphs (a) through (c) of this Section, all
1316 remaining monies in the Revenue Fund which shall not be required for the
1317 operation and maintenance of the System for the ensuing forty-five (45) day period
1318 shall be deposited into the Renewal and Replacement Account and may be used by
1319 the City for any one or more of the following purposes as determined by both the
1320 Director of Public Works and the Director of Financial Services of the City:
1321 (1) to pay the cost of extraordinary repairs and maintenance of the System;
1322 (2) for capital improvements to the System; and
1323 (3) to pay Expenses of the Combined Utility if sufficient funds are not available
1324 in the Revenue Fund.

1325
1326 **Section 505. Application of Moneys in the Rebate Fund.**

1327
1328 (a) There shall be transferred to the Rebate Fund from the Revenue Fund such
1329 amounts as are required to be deposited therein pursuant to the Arbitrage Instructions. All
1330 money at any time deposited in the Rebate Fund shall be held in trust, to the extent required
1331 to pay rebatable arbitrage to the United States of America, and neither the City nor the
1332 Owner of any Bond shall have any rights in or claim to such money. All amounts deposited
1333 into or on deposit in the Rebate Fund shall be governed by this Section and the Arbitrage
1334 Instructions.

1335
1336 (b) The City shall periodically determine the rebatable arbitrage, if any, under
1337 Section 148(f) of the Code in accordance with the Arbitrage Instructions, and the City shall
1338 make payments to the United States of America at the times and in the amounts determined
1339 under the Arbitrage Instructions. Any moneys remaining in the Rebate Fund after
1340 redemption and payment of all of the Bonds and payment and satisfaction of any rebatable
1341 arbitrage, or provision made therefore, shall be deposited into the Principal and Interest
1342 Account.

1343
1344 (c) Notwithstanding any other provision of this Resolution, including in
1345 particular Article VII hereof, the obligation to pay rebatable arbitrage to the United States of
1346 America and to comply with all other requirements of this Section and the Arbitrage
1347 Instructions shall survive the defeasance or payment in full of the Bonds.

1348
1349 (d) The Arbitrage Instructions may be amended or replaced if, in the opinion of
1350 Bond Counsel, such amendment or replacement will not adversely affect the exclusion from
1351 gross income for federal income tax purposes of interest on the Bonds.

1352
1353 **Section 506. Deposits and Investment of Moneys.** Moneys in each of the Funds
1354 and Accounts shall be deposited in accordance with the requirements of K.S.A. 10-131, as
1355 amended. All such deposits shall be continuously and adequately secured by the financial
1356 institutions holding such deposits as provided by the laws of the State. All moneys held in
1357 the Funds and Accounts shall be kept separate and apart from all other funds of the City so
1358 that there shall be no commingling of such funds with any other funds of the City.

1359

1360 Moneys held in the funds and accounts herein created or established in conjunction
1361 with the issuance of the Bonds may be invested by the City in Permitted Investments or in
1362 other investments allowed by Kansas law in such amounts and maturing at such times as
1363 shall reasonably provide for moneys to be available when required in said accounts or funds;
1364 provided, however, that no such investment shall be made for a period extending longer than
1365 to the date when the moneys invested may be needed for the purpose for which such fund or
1366 account was created. All interest on any Permitted Investment held in any fund or account
1367 (except amounts required to be deposited in the Rebate Fund in accordance with the
1368 Arbitrage Instructions) shall accrue to and become a part of the Revenue Fund. In
1369 determining the amount held in any fund or account under the provisions of the Resolution,
1370 Permitted Investments shall be valued at their par value or at their then redemption value,
1371 whichever is lower.

1372
1373 **Section 507. Nonpresentment of Bonds.** If any Bond is not presented for payment
1374 when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond
1375 have been made available to the Paying Agent, all liability of the City to the Owner thereof
1376 for the payment of such Bond shall forthwith cease, determine and be completely
1377 discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, with-
1378 out liability for interest thereon, for the benefit of the Owner of such Bond, who shall
1379 thereafter be restricted exclusively to such funds for any claim of whatever nature on his
1380 part under this Resolution or on, or with respect to, said Bond. If such funds shall have
1381 remained unclaimed for five (5) years after such principal or interest has become due and
1382 payable, such funds shall be paid to the City; and all liability of the Paying Agent to the
1383 Owner thereof for the payment of such Bond shall forthwith cease, terminate and be
1384 completely discharged. The obligations of the Paying Agent under this Section to pay any
1385 such funds to the City shall be subject to any provisions of law applicable to the Paying
1386 Agent or to such funds providing other requirements for disposition of unclaimed property.

1387
1388
1389 ARTICLE VI

1390
1391 DEFAULT AND REMEDIES

1392
1393 **Section 601. Remedies.** The provisions of the Resolution, including the covenants
1394 and agreements herein contained, shall constitute a contract between the City and the
1395 Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or
1396 Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall
1397 have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

1398
1399 (a) by mandamus or other suit, action or proceedings at law or in equity to
1400 enforce the rights of such Owner or Owners against the City and its officers, agents and
1401 employees, and to require and compel duties and obligations required by the provisions of
1402 the Resolution or by the Constitution and laws of the State;

1404 (b) by suit, action or other proceedings in equity or at law to require the City, its
1405 officers, agents and employees to account as if they were the trustees of an express trust;
1406 and

1407
1408 (c) by suit, action or other proceedings in equity or at law to enjoin any acts or
1409 things which may be unlawful or in violation of the rights of the Owners of the Bonds.

1410
1411 **Section 602. Limitation on Rights of Owners.** The covenants and agreements of
1412 the City contained herein and in the Bonds shall be for the equal benefit, protection, and
1413 security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank
1414 and without preference or priority of one Bond over any other Bond in the application of the
1415 funds herein pledged to the payment of the principal of and the interest on the Bonds, or
1416 otherwise, except as to rate of interest, date of maturity and right of prior redemption as
1417 provided in this Resolution. No one or more Owners secured hereby shall have any right in
1418 any manner whatever by his or their action to affect, disturb or prejudice the security
1419 granted and provided for herein, or to enforce any right hereunder, except in the manner
1420 herein provided, and all proceedings at law or in equity shall be instituted, had and
1421 maintained for the equal benefit of all Outstanding Bond Owners.

1422
1423 **Section 603. Remedies Cumulative.** No remedy conferred herein upon the Owners
1424 is intended to be exclusive of any other remedy, but each such remedy shall be cumulative
1425 and in addition to every other remedy and may be exercised without exhausting and without
1426 regard to any other remedy conferred herein. No waiver of any default or breach of duty or
1427 contract by the Owner of any Bond shall extend to or affect any subsequent default or
1428 breach of duty or contract or shall impair any rights or remedies thereon. No delay or
1429 omission of any Owner to exercise any right or power accruing upon any default shall
1430 impair any such right or power or shall be construed to be a waiver of any such default or
1431 acquiescence therein. Every substantive right and every remedy conferred upon the Owners
1432 of the Bonds by this Resolution may be enforced and exercised from time to time and as
1433 often as may be deemed expedient. If action or proceedings taken by any Owner on account
1434 of any default or to enforce any right or exercise any remedy has been discontinued or
1435 abandoned for any reason, or shall have been determined adversely to such Owner, then,
1436 and in every such case, the City and the Owners of the Bonds shall be restored to their
1437 former positions and rights hereunder, respectively, and all rights, remedies, powers and
1438 duties of the Owners shall continue as if no such suit, action or other proceedings had been
1439 brought or taken.

1440
1441 **Section 604. Bond Insurance Provisions.**

1442 (a) The provisions of this Section 604 shall apply notwithstanding any other provision of
1443 the Resolution.

1444 (b) The prior written consent of the Insurer shall be a condition precedent to the deposit of
1445 any credit instrument provided in lieu of a cash deposit into the Bond Reserve
1446 Account, if any.

- 1447 (c) Notwithstanding anything to the contrary set forth in the Resolution, amounts on
1448 deposit in the Bond Reserve Account shall be applied solely to the payment of debt
1449 service due on the Bonds.
- 1450 (d) The Insurer shall be deemed to be the sole holder of the insured Bonds for the purpose
1451 of exercising any voting right or privilege or giving any consent or direction or taking
1452 any other action that the holders of the Bonds insured by it are entitled to take
1453 pursuant to the Resolution pertaining to (i) defaults and remedies and (ii) the duties
1454 and obligations of the Paying Agent.
- 1455 (e) Remedies granted to the Bondholders shall expressly include mandamus.
1456
- 1457 (f) If acceleration is permitted under the Resolution, the maturity of Bonds insured by the
1458 Insurer shall not be accelerated without the consent of the Insurer and in the event the
1459 maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to
1460 pay accelerated principal and interest accrued on such principal to the date of
1461 acceleration (to the extent unpaid by the City) and the Paying Agent shall be required
1462 to accept such amounts. Upon payment of such accelerated principal and interest
1463 accrued to the acceleration date as provided above, the Insurer's obligations under the
1464 Insurance Policy with respect to such Bonds shall be fully discharged.
1465
- 1466 (g) No grace period for a covenant default shall exceed 30 days or be extended for more
1467 than 60 days, without the prior written consent of the Insurer. No grace period shall
1468 be permitted for payment defaults.
1469
- 1470 (h) The Insurer shall be included as a third party beneficiary to the Resolution.
1471
- 1472 (i) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory
1473 redemption in part, the selection of Bonds to be redeemed shall be subject to the
1474 approval of the Insurer.
1475
- 1476 (j) The exercise of any provision of the Resolution which permits the purchase of Bonds
1477 in lieu of redemption shall require the prior written approval of the Insurer if any Bond
1478 so purchased is not cancelled upon purchase.
1479
- 1480 (k) Any amendment, supplement, modification to, or waiver of, the Resolution or any
1481 other transaction document, including any underlying security agreement (each a
1482 "Related Document"), that requires the consent of Bondowners or adversely affects
1483 the rights and interests of the Insurer shall be subject to the prior written consent of the
1484 Insurer.
1485
- 1486 (l) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event
1487 of Default or an event which with notice or lapse of time would constitute an Event of
1488 Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall
1489 instead be applied to the payment of debt service or redemption price of the Bonds.
1490

1491 (m) The rights granted to the Insurer under the Resolution or any other Related
1492 Document to request, consent to or direct any action are rights granted to the Insurer
1493 in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer
1494 of such rights is merely an exercise of the Insurer's contractual rights and shall not be
1495 construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and
1496 such action does not evidence any position of the Insurer, affirmative or negative, as
1497 to whether the consent of the Bondowners or any other person is required in addition
1498 to the consent of the Insurer.

1499
1500 (n) Only (1) cash, (2) non-callable direct obligations of the United States of America
1501 ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest
1502 and principal payments on Treasuries held by a bank or trust company as custodian,
1503 under which the owner of the investment is the real party in interest and has the right
1504 to proceed directly and individually against the obligor and the underlying Treasuries
1505 are not available to any person claiming through the custodian or to whom the
1506 custodian may be obligated, (4) subject to the prior written consent of the Insurer,
1507 pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's,
1508 respectively, or (5) subject to the prior written consent of the Insurer, securities
1509 eligible for "AAA" defeasance under then existing criteria of S & P or any
1510 combination thereof, shall be used to effect defeasance of the Bonds unless the
1511 Insurer otherwise approves.

1512
1513 To accomplish defeasance, the City shall cause to be delivered (i) a report of an
1514 independent firm of nationally recognized certified public accountants or such other
1515 accountant as shall be acceptable to the Insurer ("Accountant") verifying the
1516 sufficiency of the escrow established to pay the Bonds in full on the maturity or
1517 redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be
1518 acceptable in form and substance to the Insurer), (iii) an opinion of nationally
1519 recognized bond counsel to the effect that the Bonds are no longer "Outstanding"
1520 under the Resolution and (iv) a certificate of discharge of the Paying Agent with
1521 respect to the Bonds; each Verification and defeasance opinion shall be acceptable in
1522 form and substance, and addressed, to the City, Paying Agent and Insurer. The
1523 Insurer shall be provided with final drafts of the above-referenced documentation not
1524 less than five business days prior to the funding of the escrow.

1525
1526 Bonds shall be deemed "Outstanding" under the Resolution unless and until they are
1527 in fact paid and retired or the above criteria are met.

1528
1529 (o) Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for
1530 purposes of the Resolution and the Bonds relating to such payments shall remain
1531 Outstanding and continue to be due and owing until paid by the City in accordance
1532 with the Resolution. The Resolution shall not be discharged unless all amounts due
1533 or to become due to the Insurer have been paid in full or duly provided for.

1534
1535 (p) Each of the City and Paying Agent covenant and agree to take such action
1536 (including, as applicable, filing of UCC financing statements and continuations

1537 thereof) as is necessary from time to time to preserve the priority of the pledged
1538 security hereunder under applicable law.

1539

1540 (q) Claims Upon the Insurance Policy and Payments by and to the Insurer.

1541

1542 If, on the third Business Day prior to the related scheduled interest payment date or
1543 principal payment date ("Payment Date") there is not on deposit with the Paying
1544 Agent, after making all transfers and deposits required under the Resolution, moneys
1545 sufficient to pay the principal of and interest on the Bonds due on such Payment
1546 Date, the Paying Agent shall give notice to the Bond Insurer and to its designated
1547 agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount
1548 of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on
1549 the second Business Day prior to the related Payment Date, there continues to be a
1550 deficiency in the amount available to pay the principal of and interest on the Bonds
1551 due on such Payment Date, the Paying Agent shall make a claim under the Insurance
1552 Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by
1553 telephone of the amount of such deficiency, and the allocation of such deficiency
1554 between the amount required to pay interest on the Bonds and the amount required to
1555 pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's
1556 Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by
1557 filling in the form of Notice of Claim and Certificate delivered with the Insurance
1558 Policy.

1559

1560 The Paying Agent shall designate any portion of payment of principal on Bonds paid
1561 by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or
1562 other advancement of maturity, on its books as a reduction in the principal amount of
1563 Bonds registered to the then current Bondholder, whether DTC or its nominee or
1564 otherwise, and shall issue a replacement Bond to the Insurer, registered in the name
1565 of Financial Security Assurance Inc., in a principal amount equal to the amount of
1566 principal so paid (without regard to authorized denominations); provided that the
1567 Paying Agent's failure to so designate any payment or issue any replacement Bond
1568 shall have no effect on the amount of principal or interest payable by the City on any
1569 Bond or the subrogation rights of the Insurer.

1570

1571 The Paying Agent shall keep a complete and accurate record of all funds deposited
1572 by the Insurer into the Policy Payments Account (defined below) and the allocation
1573 of such funds to payment of interest on and principal of any Bond. The Insurer shall
1574 have the right to inspect such records at reasonable times upon reasonable notice to
1575 the Paying Agent.

1576

1577 Upon payment of a claim under the Insurance Policy, the Paying Agent shall
1578 establish a separate special purpose trust account for the benefit of Bondholders
1579 referred to herein as the "Policy Payments Account" and over which the Paying
1580 Agent shall have exclusive control and sole right of withdrawal. The Paying Agent
1581 shall receive any amount paid under the Insurance Policy in trust on behalf of
1582 Bondholders and shall deposit any such amount in the Policy Payments Account and

1583 distribute such amount only for purposes of making the payments for which a claim
1584 was made. Such amounts shall be disbursed by the Paying Agent to Bondholders in
1585 the same manner as principal and interest payments are to be made with respect to
1586 the Bonds under the sections hereof regarding payment of Bonds. It shall not be
1587 necessary for such payments to be made by checks or wire transfers separate from
1588 the check or wire transfer used to pay debt service with other funds available to make
1589 such payments. Notwithstanding anything herein to the contrary, the City agrees to
1590 pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under
1591 the Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer
1592 Advances from the date paid by the Insurer until payment thereof in full, payable to
1593 the Insurer at the Late Payment Rate per annum (collectively, the “Insurer
1594 Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater
1595 of (i) the per annum rate of interest, publicly announced from time to time by
1596 JPMorgan Chase Bank at its principal office in The City of New York, as its prime
1597 or base lending rate (any change in such rate of interest to be effective on the date
1598 such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then
1599 applicable highest rate of interest on the Bonds and (b) the maximum rate
1600 permissible under applicable usury or similar laws limiting interest rates. The Late
1601 Payment Rate shall be computed on the basis of the actual number of days elapsed
1602 over a year of 360 days. The City hereby covenants and agrees that the Insurer
1603 Reimbursement Amounts are secured by a lien on and pledge of the Net Revenues
1604 and payable from such Net Revenues on a parity with debt service due on the Bonds.
1605

1606 Funds held in the Policy Payments Account shall not be invested by the Paying
1607 Agent and may not be applied to satisfy any costs, expenses or liabilities of the
1608 Paying Agent. Any funds remaining in the Policy Payments Account following a
1609 Bond payment date shall promptly be remitted to the Insurer.
1610

1611 (r) The Insurer shall, to the extent it makes any payment of principal of or interest on the
1612 Bonds, become subrogated to the rights of the recipients of such payments in
1613 accordance with the terms of the Insurance Policy. Each obligation of the City to the
1614 Insurer under the Related Documents shall survive discharge or termination of such
1615 Related Documents.
1616

1617 (s) The City shall pay or reimburse the Insurer any and all charges, fees, costs and
1618 expenses that the Insurer may reasonably pay or incur in connection with (i) the
1619 administration, enforcement, defense or preservation of any rights or security in any
1620 Related Document; (ii) the pursuit of any remedies under the Resolution or any other
1621 Related Document or otherwise afforded by law or equity, (iii) any amendment,
1622 waiver or other action with respect to, or related to, the Resolution or any other
1623 Related Document whether or not executed or completed, or (iv) any litigation or
1624 other dispute in connection with the Resolution or any other Related Document or
1625 the transactions contemplated thereby, other than costs resulting from the failure of
1626 the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves
1627 the right to charge a reasonable fee as a condition to executing any amendment,

- 1628 waiver or consent proposed in respect of the Resolution or any other Related
1629 Document.
1630
- 1631 (t) After payment of reasonable expenses of the Paying Agent, the application of funds
1632 realized upon default shall be applied to the payment of expenses of the City or
1633 rebate only after the payment of past due and current debt service on the Bonds and
1634 amounts required to restore the Bond Reserve Account to the Bond Reserve
1635 Requirement.
1636
- 1637 (u) The Insurer shall be entitled to pay principal or interest on the Bonds that shall
1638 become Due for Payment but shall be unpaid by reason of Nonpayment by the City
1639 (as such terms are defined in the Insurance Policy) and any amounts due on the
1640 Bonds as a result of acceleration of the maturity thereof in accordance with the
1641 Resolution, whether or not the Insurer has received a Notice of Nonpayment (as such
1642 terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.
1643
- 1644 (v) The notice address of the Insurer is: Financial Security Assurance Inc., 31 West
1645 52nd Street, New York, New York 10019, Attention: Managing Director –
1646 Surveillance, Re: Policy No. 208770-N, Telephone: (212) 826-0100; Telecopier:
1647 (212) 339-3556. In each case in which notice or other communication refers to an
1648 Event of Default, then a copy of such notice or other communication shall also be
1649 sent to the attention of the General Counsel and shall be marked to indicate
1650 "URGENT MATERIAL ENCLOSED."
1651
- 1652 (w) The Insurer shall be provided with the following information by the City or Paying
1653 Agent, as the case may be:
1654
- 1655 (i) Annual audited financial statements within 150 days after the end
1656 of the City's fiscal year (together with a certification of the City
1657 that it is not aware of any default or Event of Default under the
1658 Resolution), and the City's annual budget within 30 days after the
1659 approval thereof together with such other information, data or
1660 reports as the Insurer shall reasonably request from time to time;
1661
- 1662 (ii) Notice of any draw upon the Bond Reserve Account within two
1663 Business Days after knowledge thereof other than (i) withdrawals
1664 of amounts in excess of the Bond Reserve Requirement and (ii)
1665 withdrawals in connection with a refunding of Bonds;
1666
- 1667 (iii) Notice of any default known to the Paying Agent or City within
1668 five Business Days after knowledge thereof;
1669
- 1670 (iv) Prior notice of the advance refunding or redemption of any of the
1671 Bonds, including the principal amount, maturities and CUSIP
1672 numbers thereof;
1673

- 1674 (v) Notice of the resignation or removal of the Paying Agent and
1675 Bond Registrar and the appointment of, and acceptance of duties
1676 by, any successor thereto;
1677
- 1678 (vi) Notice of the commencement of any proceeding by or against the
1679 City or Obligor commenced under the United States Bankruptcy
1680 Code or any other applicable bankruptcy, insolvency,
1681 receivership, rehabilitation or similar law (an "Insolvency
1682 Proceeding");
1683
- 1684 (vii) Notice of the making of any claim in connection with any
1685 Insolvency Proceeding seeking the avoidance as a preferential
1686 transfer of any payment of principal of, or interest on, the Bonds;
1687
- 1688 (viii) A full original transcript of all proceedings relating to the
1689 execution of any amendment, supplement, or waiver to the
1690 Related Documents; and
1691
- 1692 (ix) All reports, notices and correspondence to be delivered to
1693 Bondholders under the terms of the Related Documents.
1694
- 1695 (x) Notwithstanding satisfaction of the other conditions to the issuance of Additional
1696 Bonds set forth in the Resolution, no such issuance may occur (1) if an Event of
1697 Default (or any event which, once all notice or grace periods have passed, would
1698 constitute an Event of Default) exists unless such default shall be cured upon such
1699 issuance and (2) unless the Bond Reserve Account is fully funded at the Bond
1700 Reserve Requirement (including the proposed issue) upon the issuance of such
1701 Additional Bonds, in either case unless otherwise permitted by the Insurer.
1702
- 1703 (y) In determining whether any amendment, consent, waiver or other action to be taken,
1704 or any failure to take action, under the Resolution would adversely affect the security
1705 for the Bonds or the rights of the Bondholders, the Paying Agent shall consider the
1706 effect of any such amendment, consent, waiver, action or inaction as if there were no
1707 Insurance Policy.
1708
- 1709 (z) No contract shall be entered into or any action taken by which the rights of the
1710 Insurer or security for or sources of payment of the Bonds may be impaired or
1711 prejudiced in any material respect except upon obtaining the prior written consent of
1712 the Insurer.
1713
1714

1715 ARTICLE VII

1716
1717 DEFEASANCE

1718
1719 **Section 701. Defeasance.** When any or all of the Bonds or scheduled interest
1720 payments thereon have been paid and discharged or provision for their payment and
1721 discharge has been made pursuant to Article III hereof, then the requirements contained in
1722 this Resolution and the pledge of security hereunder and all other rights granted hereby shall
1723 terminate with respect to the Bonds or scheduled interest payments thereon so paid and dis-
1724 charged. Bonds or scheduled interest payments thereon shall be deemed to have been paid
1725 and discharged within the meaning of this Resolution if there has been deposited with the
1726 Paying Agent, or other legally qualified commercial bank or trust company and having full
1727 trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the
1728 interest payments thereon, in trust for and irrevocably appropriated thereto, Defeasance
1729 Obligations which, together with the interest to be earned on any such Defeasance
1730 Obligations, will be sufficient for the payment of the principal of said Bonds and/or interest
1731 accrued to the Stated Maturity or Redemption Date, or if default in such payment has
1732 occurred on such date, then to the date of the tender of such payments; provided, however,
1733 that if any such Bonds are to be redeemed prior to their Stated Maturity, (1) the City has
1734 elected to redeem such Bonds, and (2) either notice of such redemption has been given, or
1735 the City has given irrevocable instructions, or shall have provided for an escrow agent to
1736 give irrevocable instructions, to the Bond Registrar to give such notice of redemption in
1737 compliance with **Section 303** of this Resolution. Any Defeasance Obligations that at any
1738 time shall be deposited with the Paying Agent or other commercial bank or trust company
1739 by or on behalf of the City, for the purpose of paying and discharging any of the Bonds,
1740 shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank
1741 or trust company in trust for the respective Owners of the Bonds, and such moneys shall be
1742 and are hereby irrevocably appropriated to the payment and discharge thereof. All
1743 Defeasance Obligations deposited with the Paying Agent or such bank or trust company
1744 shall be deemed to be deposited in accordance with and subject to all of the provisions of
1745 this Resolution.

1746
1747 ARTICLE VIII

1748
1749 TAX COVENANTS

1750
1751 **Section 801. General Covenants.**

1752
1753 (a) The City covenants and agrees that (1) it will comply with all applicable
1754 provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain
1755 the exclusion from gross income for federal income tax purposes of the interest on the
1756 Bonds, and (2) it will not use or permit the use of any proceeds of Bonds or any other funds
1757 of the City in a manner which would adversely affect the exclusion from gross income of
1758 the interest on the Bonds, and (3) will not take or permit any other action, or fail to take any
1759 action, if any such action or failure to take action would adversely effect the exclusion from
1760 gross income of the interest on the Bonds. The City will, in addition, adopt such other

1761 ordinances or resolutions and take such other actions as may be necessary to comply with
1762 the Code and with all other applicable future laws, regulations, published rulings and
1763 judicial decisions, in order to ensure that the interest on the Bonds will remain excluded
1764 from federal gross income, to the extent any such actions can be taken by the City.

1765
1766 (b) The City covenants and agrees that (1) it will use the proceeds of the Bonds
1767 as soon as practicable and with all reasonable dispatch for the purposes for which the Bonds
1768 are issued, and (2) it will not invest or directly or indirectly use or permit the use of any
1769 proceeds of the Bonds or any other funds of the City in any manner, and will not take or
1770 omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the
1771 meaning of Section 148(a) of the Code.

1772
1773 (c) The City covenants and agrees that it will not use any portion of the
1774 proceeds of the Bonds, including any investment income earned on such proceeds, directly
1775 or indirectly, in a manner that would cause any Bond to be a "private activity bond" within
1776 the meaning of Section 141(a) of the Code.

1777
1778 **Section 802. Rebate Covenant.** The City covenants and agrees that it will pay or
1779 provide for the payment of, from time to time all amounts required to be rebated to the
1780 United States pursuant to Section 148(f) of the Code and the Arbitrage Instructions. This
1781 covenant shall survive payment in full or defeasance of the Bonds. The Arbitrage
1782 Instructions may be amended or replaced if, in the opinion of Bond Counsel such
1783 amendment or replacement will not adversely affect the exclusion from gross income for
1784 federal income tax purposes of interest on the Bonds.

1785
1786 **Section 803. Survival of Covenants.** The covenants contained in this Article shall
1787 remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to
1788 Article VII hereof or any other provision of this Resolution until the final maturity date of
1789 all Bonds Outstanding.

1790
1791 **Section 804. Qualified Tax-exempt Obligations.** The Bonds are not designated as
1792 "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

1793 1794 ARTICLE IX

1795 1796 CONTINUING DISCLOSURE REQUIREMENTS

1797
1798 **Section 901. Disclosure Requirements.** The City hereby covenants with the
1799 Original Purchaser and the Beneficial Owners (as defined in the Disclosure Certificate) to
1800 provide and disseminate such information as is required by Rule 15c2-12 (as defined in the
1801 Disclosure Certificate) and is further set forth in the Disclosure Certificate. Such covenant
1802 shall be for the benefit of and enforceable by the Original Purchaser and such Beneficial
1803 Owners.

1804
1805 **Section 902. Failure to Comply with Continuing Disclosure Requirements.** In
1806 the event the City fails to comply in a timely manner with its covenants contained in the

1807 preceding section, the Original Purchaser and/or any such Beneficial Owner may make
1808 demand for such compliance by written notice to the City. In the event the City does not
1809 remedy such noncompliance within 10 days of receipt of such written notice, the Original
1810 Purchaser or any such Beneficial Owner may in its discretion, without notice or demand,
1811 proceed to enforce compliance by a suit or suits in equity for the specific performance of
1812 such covenant or agreement contained in the preceding section or for the enforcement of any
1813 other appropriate legal or equitable remedy as the Original Purchaser and/or any such
1814 Beneficial Owner shall deem effectual to protect and enforce any of the duties of the City
1815 under such preceding section.

1816
1817 ARTICLE X

1818
1819 MISCELLANEOUS PROVISIONS

1820
1821 **Section 1001. Particular Covenants of the City.** That the City covenants with the
1822 Original Purchasers and Owners of the Bonds that, so long as the Bonds remain outstanding
1823 and unpaid:

1824
1825 (a) The City will faithfully perform at all times any and all covenants,
1826 agreements, undertakings and provisions contained in the Ordinance, this Resolution and the
1827 Bonds.

1828
1829 (b) The City will operate and maintain the System in an efficient manner and at
1830 reasonable cost and will keep the same in good repair and working order.

1831
1832 (c) The City will fix, establish, maintain and collect such rates, fees or charges
1833 for service furnished by and through the Combined Utility including all extensions,
1834 improvements and enlargements thereto thereafter constructed or acquired by the City,
1835 which rates, fees or charges shall be sufficient to pay the Expenses of the Combined Utility
1836 and to pay the principal of and interest on the Bonds and all other Combined Utility revenue
1837 bonds of the City hereafter issued and standing on a parity with the Bonds as and when the
1838 same become due, and to create and maintain reasonable reserves as hereinafter specified;
1839 provided, however, that such rates, fees and charges of the water, water pollution control
1840 and stormwater utilities shall not be set or otherwise established so that the rates, fees or
1841 charges of one such division subsidize the other. The City further covenants and agrees that
1842 it will at all times maintain and collect rates, fees or charges for the use of or services
1843 rendered by the Combined Utility which will be sufficient to enable the City to have in each
1844 fiscal year Net Revenues from the Combined Utility in an amount which will be not less
1845 than 125% of the amount required to be paid by the City in the next succeeding fiscal year
1846 on account of both principal of and interest on all Combined Utility revenue bonds of the
1847 City at that time outstanding. As soon as possible after the end of each fiscal year, the
1848 annual audit and report made for such year by the City's officers pursuant to provisions of
1849 this Resolution shall be presented to and considered by the City's Governing Body and if it
1850 shall appear that an increase in existing rates, fees or charges for the services of the
1851 Combined Utility is necessary in order to satisfy the obligations of the City under provisions
1852 of this Resolution, the Governing Body shall promptly make such increase and shall cause

1853 the same to be effective within ninety (90) days thereafter. If prior to the end of the then
1854 current fiscal year, any interim operating statements of the Combined Utility shall indicate
1855 that an increase in the existing rates, fees or charges is necessary to satisfy the obligations of
1856 the City under provisions of this Resolution, the Governing Body shall promptly make such
1857 increase and shall cause the same to be effective within ninety (90) days thereafter.
1858

1859 (d) None of the facilities or services afforded by the Combined Utility will be
1860 furnished to any user without a reasonable charge being made therefore.
1861

1862 (e) The City will not mortgage, pledge or otherwise encumber the System or
1863 any part thereof, or any extension, improvement or betterment thereof nor will it sell, lease
1864 or otherwise dispose of the System or any material part thereof. The City may, however,
1865 dispose of any property which has become obsolete and non-productive or otherwise
1866 unusable to the advantage of the City. Any cash proceeds derived from the City's sale of
1867 such property shall be used by the City to improve, extend or enlarge the System.
1868

1869 (f) The City will carry and maintain a reasonable amount of all risk insurance
1870 upon the properties forming part of the System insofar as they are of an insurable nature, the
1871 amount of such insurance being the amount as would normally be carried by a municipal
1872 corporation engaged in a similar type of utility enterprise. In the event of loss or damage,
1873 the City, with all reasonable dispatch, will use the proceeds of such insurance to reconstruct
1874 and replace the property damaged or destroyed or, if such reconstruction or replacement be
1875 unnecessary, then either to improve, extend or enlarge the System or to redeem or purchase
1876 in the open market the outstanding Bonds. The City in operating the Combined Utility will
1877 carry and maintain public liability and worker's compensation insurance in such amounts as
1878 would normally be maintained by a municipal corporation engaged in a similar type of
1879 utility enterprise and the proceeds derived from any of such policies shall be used in paying
1880 the claims on the account of which such proceeds were received; provided, however, the
1881 City may, in accordance with applicable law, self insure such obligations. The cost of all
1882 insurance referred to in this paragraph shall be paid as an operating cost out of the revenues
1883 of the Combined Utility.
1884

1885 (g) The City will install and maintain proper books, records and accounts
1886 separate from all other records and accounts of the City in which complete and correct
1887 entries will be made of all dealings and transactions of or in relation to the properties,
1888 business and affairs of the Combined Utility. Such accounts shall show the amount of
1889 revenue received from the Combined Utility, the application of such revenue and all
1890 financial transactions in connection therewith. Said books shall be kept by the City
1891 according to the standard accounting practices as applicable to the operation of the water,
1892 water pollution control and stormwater utility systems by municipalities.
1893

1894 (h) Annually at the end of each fiscal year the City will cause an audit to be
1895 made by a competent firm of independent auditors of the Combined Utility and shall cause a
1896 copy of such audit to be mailed to the Original Purchaser of the Bonds. Said audit shall
1897 include:
1898

- 1899 (1) a classified statement of the gross revenues received, of
1900 expenditures for operation and maintenance, of expenditures for all other purposes,
1901 and the amount of any capital expenditures made from such revenues made during
1902 the fiscal year;
- 1903
- 1904 (2) a balance sheet as of the end of each fiscal year, with an amount on
1905 hand at the end of such year in each of the accounts created or referred to in this
1906 Resolution;
- 1907
- 1908 (3) a statement showing gain or loss for such fiscal year;
- 1909
- 1910 (4) a statement of the Bonds redeemed, purchased or paid during the
1911 preceding fiscal year, and a statement of all interest paid during such year on the
1912 Bonds;
- 1913
- 1914 (5) a statement of the number of customers served by the Combined
1915 Utility at the beginning and also at the end of such fiscal year;
- 1916
- 1917 (6) a statement showing the amount and character of insurance carried
1918 by the City on the property constituting the System and showing the names of the
1919 insurers, expiration dates of the policies and the premium thereon;
- 1920
- 1921 (7) the opinion of the auditors as to whether or not the City is meeting
1922 the requirements of paragraph (c) of this Section by maintaining and collecting
1923 adequate rates, fees and charges for Combined Utility services furnished by the City;
1924 and
- 1925
- 1926 (8) such remarks and recommendations regarding the City's method of
1927 operation of the Combined Utility and its accounting practice as such auditors may
1928 deem appropriate. Such audit shall be completed as soon as practicable after the end
1929 of each fiscal year and a copy thereof filed with the office of the City Clerk where it
1930 shall be open to public inspection.
- 1931
- 1932 (i) The City shall semiannually conduct an internal rate review for the purpose
1933 of determining the sufficiency of the water, water pollution control and stormwater utility
1934 rates and charges of the City in view of the covenants herein and heretofore made.
- 1935
- 1936 (j) As long as the Bonds are Outstanding, any payments in lieu of taxes made
1937 to the City from the Net Revenues of the Combined Utility shall not exceed an amount
1938 based on the method currently in effect in the City, such method being based on the net
1939 value of the equity of the City in the System located within the corporate limits of the City.
1940 Further, such payment in lieu of taxes will not be made if the City is in default in paying the
1941 principal of or interest on the Bonds or any additional bonds issued in accordance with
1942 **Section 1002** hereof, or if such payment would cause the City to default in the payment of
1943 principal or interest on the Bonds or any such additional bonds.
- 1944

1945 **Section 1002. Additional Bonds.** That the City hereby covenants and agrees that
1946 so long as any of the Bonds remain outstanding and unpaid, it will not issue any additional
1947 Combined Utility revenue bonds or any other obligations payable from the Net Revenues of
1948 the Combined Utility which are superior in lien, security or otherwise to the Bonds other
1949 than Permitted Loans. The City hereby covenants and agrees except as hereinafter provided,
1950 that so long as the Bonds remain outstanding and unpaid it will not issue any additional
1951 bonds or other obligations payable out of the revenues of the Combined Utility which stand
1952 on a parity or equality with the Bonds unless each of the following conditions are met:
1953

1954 (a) The City shall not be in default in making any of the payments at the time
1955 required to be made by it into the respective funds or accounts created or referred to in this
1956 Resolution, or in the performance of any covenant contained herein.
1957

1958 (b) The annual Net Revenues derived by the City from the operation of the
1959 Combined Utility for the fiscal year next preceding the issuance of additional bonds, shall
1960 equal or exceed 125% of the maximum amount required to be paid out of the Net Revenues
1961 in any succeeding fiscal year on account of both principal and interest becoming due with
1962 respect to the Bonds, and any additional revenue bonds previously issued on a parity with
1963 the Bonds.
1964

1965 (c) In addition, projected annual Net Revenues expected to be derived by the
1966 City from the operation of the Combined Utility, for the fiscal year following the issuance of
1967 any additional bonds, shall equal or exceed 125% of the maximum amount required to be
1968 paid out of the Net Revenues in any succeeding fiscal year on account of both principal and
1969 interest becoming due with respect to the Bonds, including any revenue bonds previously
1970 issued on a parity with the Bonds together with additional bonds proposed to be issued,
1971 based on a detailed investigation and report of an engineering firm or an independent public
1972 accountant as to the amount of annual Net Revenues expected in such fiscal year, and said
1973 amount as defined and certified by said engineer or accountant shall govern in determining
1974 the right of the City to issue additional parity bonds under this **Section 1002**. No
1975 investigation or report of an engineer or accountant shall be required pursuant to this Section
1976 1002 (i) in the event any issuance of additional bonds shall not increase the maximum
1977 amount required to be paid out of the Net Revenues in any succeeding fiscal year on account
1978 of both principal and interest becoming due with respect to the Bonds, including any
1979 additional revenue bonds previously issued on a parity with the Bonds together with
1980 additional bonds proposed to be issued or (ii) in the event that the annual Net Revenues
1981 derived by the City from the operation of the Combined Utility, for the fiscal year next
1982 preceding the issuance of any additional bonds, shall have been equal to 125% of the
1983 maximum amount required to be paid out of the Net Revenues in any succeeding fiscal year
1984 on account of both principal and interest becoming due with respect to the Bonds, including
1985 any additional revenue bonds previously issued on a parity with the Bonds together with the
1986 additional revenue bonds proposed to be issued.
1987

1988 Additional Combined Utility revenue bonds of the City issued under the conditions
1989 hereinbefore in this Section set forth shall stand on a parity with the Bonds and shall enjoy
1990 complete equality of lien on and claim against the revenues of the Combined Utility with

1991 said Bonds, and the City shall make equal provision for paying said additional Combined
1992 Utility revenue bonds and the interest thereon out of the Revenue Fund and provide for the
1993 creation of a principal and interest account for the payment of such additional Combined
1994 Utility revenue bonds and a bond reserve account to be funded as herein required. Any
1995 increases in the Bond Reserve Requirement as a result of the issuance of such additional
1996 Combined Utility revenue bonds shall be fully funded concurrently with the issuance of
1997 such additional Combined Utility revenue bonds from the proceeds of such bonds or from
1998 other funds available for such purpose. In addition, if the City receives an opinion of Bond
1999 Counsel to the effect that the Bond Reserve Requirement for any additional Combined
2000 Utility revenue bonds must be reduced in order that the amounts on deposit in such bond
2001 reserve fund may continue to be invested without yield restriction under the Code the
2002 amount held in such bond reserve fund shall be reduced in conformity with said opinion.
2003

2004 Nothing contained in this Section shall prohibit or restrict the right of the City to
2005 issue additional Combined Utility revenue bonds or other revenue obligations for the
2006 purpose of reconstructing, altering, repairing, improving or extending and enlarging the
2007 System and to provide that the principal of and interest on said revenue bonds or obligations
2008 shall be payable out of the Net revenues of the Combined Utility, provided that at the time
2009 of the issuance of such additional revenue bonds or obligations the City shall not be in
2010 default of performance of any covenant or agreement contained in this Resolution and
2011 provided further that such additional revenue bonds or obligations shall be junior and
2012 subordinate to the Bonds, so that if any time the City shall be in default in paying either
2013 interest on or principal of the Bonds or if the City shall be in default in making any
2014 payments required to be made by it under the provisions of this Resolution, the City shall
2015 make no payments of either principal of or interest on said junior or subordinate revenue
2016 bonds or obligations until said default or defaults be cured and no default shall exist on the
2017 part of the City under the covenants, agreements and conditions contained in this
2018 Resolution. In addition, any default on any junior and subordinate bonds shall not be
2019 deemed a default on the Bonds.
2020

2021 **Section 1003. Additional Permitted Loans.** The City hereby covenants and
2022 agrees that so long as, except as hereinafter provided, any of the Bonds remain outstanding
2023 and unpaid, it will not issue any additional Permitted Loans payable out of the revenues of
2024 the Combined Utility that are superior in lien and security to the Bonds unless each of the
2025 following conditions are met:
2026

2027 (a) The City shall not be in default in making any of the payments at the time
2028 required to be made in connection with any outstanding Permitted Loans or into the
2029 respective funds or accounts created or referred to in this Resolution, or in the performance
2030 of any covenant contained herein.
2031

2032 (b) The annual Net Revenues derived by the City from the operation of the
2033 Combined Utility, for the fiscal year next preceding the issuance of additional Permitted
2034 Loans, shall have been equal to 125% of the maximum amount required to be paid out of the
2035 Net Revenues in any succeeding fiscal year on account of both principal of and interest

2036 becoming due with respect to the Bonds, including any additional revenue bonds previously
2037 issued on a parity with the Bonds.

2038

2039 (c) In addition, projected annual Net Revenues (adjusted as provided in the last
2040 sentence of this **Subsection 1003(c)**) expected to be derived by the City from the operation
2041 of the Combined Utility, for the fiscal year following the issuance of any additional
2042 Permitted Loans, shall equal or exceed 125% of the maximum amount required to be paid
2043 out of the Net Revenues in any succeeding fiscal year on account of both principal and
2044 interest becoming due with respect to the Bonds, including any additional revenue bonds
2045 previously issued on a parity with the Bonds, based on a detailed investigation and report of
2046 an engineering firm or an independent public accountant as to the amount of annual Net
2047 Revenues expected in such fiscal year, and said amount as defined and certified by said
2048 engineer or accountant shall govern in determining right of the City to issue additional
2049 Permitted Loans payable out of the revenues of the Combined Utility that are superior in
2050 lien and security to the Bonds under this **Section 1003**. No investigation or report of an
2051 engineer or accountant shall be required pursuant to this **Section 1003** in the event that the
2052 annual Net Revenues (adjusted as provided in the last sentence of this **Subsection 1003(c)**)
2053 derived by the City from the operation of the Combined Utility, for the fiscal year next
2054 preceding the issuance of any additional Permitted Loan, would have been equal to 125% of
2055 the maximum amount required to be paid out of the Net Revenues in any succeeding fiscal
2056 year on account of both principal and interest becoming due with respect to the Bonds,
2057 including any additional revenue bonds previously issued on a parity with the Bonds. For
2058 purposes of determining Net Revenues as required for this **Subsection 1003(c)**, the
2059 maximum amount payable in any succeeding fiscal year on the additional Permitted Loan
2060 shall be treated as an Expense in the fiscal year for which the Net Revenues are being
2061 computed.

2062

2063 **Section 1004. Authorization of Bond Sale.** That the sale of the Bonds to UBS
2064 Securities LLC, Dallas Texas, in accordance with their bid pursuant to the notice of bond
2065 sale dated June 11, 2007, is hereby ratified and confirmed.

2066

2067 **Section 1005. Annual Audit.** Annually, promptly after the end of the Fiscal Year,
2068 the City will cause an audit to be made of its Funds and Accounts for the preceding Fiscal
2069 Year by a certified public accountant or firm of certified public accountants as provided in
2070 **Section 1001(h)** of this Resolution.

2071

2072 Within 30 days after the completion of each such audit, a copy thereof shall be filed
2073 in the office of the Clerk. Such audit shall at all times during the usual business hours of the
2074 City be open to the examination and inspection by any taxpayer, any Owner of the Bonds or
2075 by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reason-
2076 able cost of preparing and mailing the same, a copy of any annual audit will, upon request,
2077 be sent to any Owner or prospective Owner.

2078

2079 As soon as possible after the completion of the annual audit, the governing body of
2080 the City shall review such audit, and if the audit discloses that proper provision has not been

2081 made for all of the requirements of this Resolution, the City shall promptly cure such
2082 deficiency.

2083

2084 **Section 1006. Amendments.** The rights and duties of the City and the Owners, and
2085 the terms and provisions of the Bonds or of this Resolution, may be amended or modified at
2086 any time in any respect by resolution of the City with the written consent of the Owners of
2087 not less than a majority in principal amount of the Bonds then Outstanding, such consent to
2088 be evidenced by an instrument or instruments executed by such Owners and duly ac-
2089 knowledged or proved in the manner of a deed to be recorded, and such instrument or
2090 instruments shall be filed with the Clerk, but no such modification or alteration shall:

2091

2092 (a) extend the maturity of any payment of principal or interest due upon any
2093 Bond;

2094

2095 (b) effect a reduction in the amount which the City is required to pay as
2096 principal of or interest on any Bond;

2097

2098 (c) permit preference or priority of any Bond over any other Bond; or

2099

2100 (d) reduce the percentage in principal amount of Bonds required for the written
2101 consent to any modification or alteration of the provisions of this Resolution.

2102

2103 Any provision of the Bonds or of this Resolution may, however, be amended or
2104 modified by resolution duly adopted by the governing body of the City at any time in any
2105 legal respect with the written consent of the Owners of all of the Bonds at the time
2106 Outstanding.

2107

2108 Without notice to or the consent of any Owners, the City may amend or supplement
2109 this Resolution for the purpose of curing any formal defect, omission, inconsistency or
2110 ambiguity therein or in connection with any other change therein which is not materially
2111 adverse to the interests of the Owners.

2112

2113 Every amendment or modification of the provisions of the Bonds or of this
2114 Resolution, to which the written consent of the Owners is given, as above provided, shall be
2115 expressed in a resolution adopted by the governing body of the City amending or
2116 supplementing the provisions of this Resolution and shall be deemed to be a part of this
2117 Resolution. A certified copy of every such amendatory or supplemental resolution, if any,
2118 and a certified copy of this Resolution shall always be kept on file in the office of the Clerk,
2119 and shall be made available for inspection by the Owner of any Bond or a prospective
2120 purchaser or owner of any Bond authorized by this Resolution, and upon payment of the
2121 reasonable cost of preparing the same, a certified copy of any such amendatory or
2122 supplemental resolution or of this Resolution will be sent by the Clerk to any such Owner or
2123 prospective Owner.

2124

2125 Any and all modifications made in the manner hereinabove provided shall not
2126 become effective until there has been filed with the Clerk a copy of the resolution of the

2127 City hereinabove provided for, duly certified, as well as proof of any required consent to
2128 such modification by Owners of the Bonds then Outstanding. It shall not be necessary to
2129 note on any of the Outstanding Bonds any reference to such amendment or modification.
2130

2131 The City shall furnish to the Bond Registrar and Paying Agent a copy of any
2132 amendment to the Bonds or this Resolution which affects the duties or obligations of the
2133 Bond Registrar and Paying Agent under this Resolution.
2134

2135 **Section 1007. Notices, Consents and Other Instruments by Owners.** Any notice,
2136 consent, request, direction, approval or other instrument to be signed and executed by the
2137 Owners may be in any number of concurrent writings of similar tenor and may be signed or
2138 executed by such Owners in person or by agent appointed in writing. Proof of the execution
2139 of any such instrument or of the writing appointing any such agent and of the ownership of
2140 Bonds, if made in the following manner, shall be sufficient for any of the purposes of this
2141 Resolution, and shall be conclusive in favor of the City, the Bond Registrar and the Paying
2142 Agent with regard to any action taken, suffered or omitted under any such instrument,
2143 namely:
2144

2145 (a) The fact and date of the execution by any person of any such instrument
2146 may be proved by a certificate of any officer in any jurisdiction who by law has power to
2147 make acknowledgements within such jurisdiction that the person signing such instrument
2148 acknowledged before such officer the execution thereof, or by affidavit of any witness to
2149 such execution.
2150

2151 (b) The fact of ownership of Bonds, the amount or amounts, numbers and other
2152 identification of Bonds, and the date of holding the same shall be proved by the Bond Regis-
2153 ter.
2154

2155 In determining whether the Owners of the requisite principal amount of Bonds
2156 Outstanding have given any request, demand, authorization, direction, notice, consent or
2157 waiver under this Resolution, Bonds owned by the City shall be disregarded and deemed not
2158 to be Outstanding under this Resolution, except that, in determining whether the Owners
2159 shall be protected in relying upon any such request, demand, authorization, direction, notice,
2160 consent or waiver, only Bonds which the Owners know to be so owned shall be so
2161 disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in
2162 good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction
2163 of the Owners the pledgee's rights so to act with respect to such Bonds and that the pledgee
2164 is not the City.
2165

2166 **Section 1008. Further Authority.** The officers and officials of the City, including
2167 the Mayor and Clerk, are hereby authorized and directed to execute all documents and take
2168 such actions as they may deem necessary or advisable in order to carry out and perform the
2169 purposes of this Resolution and to make ministerial alterations, changes or additions in the
2170 foregoing agreements, statements, instruments and other documents herein approved,
2171 authorized and confirmed which they may approve, and the execution or taking of such
2172 action shall be conclusive evidence of such necessity or advisability.

2173

2174 **Section 1009. Severability.** If any section or other part of this Resolution is for any
2175 reason held invalid, the invalidity thereof shall not affect the validity of the other provisions
2176 of this Resolution.

2177

2178 **Section 1010. Governing Law.** This Resolution shall be governed exclusively by
2179 and construed in accordance with the applicable laws of the State.

2180

2181 **Section 1011. Effective Date.** This Resolution shall take effect and be in full force
2182 from and after its passage by the Council of the City.

2183

2184

(REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK)

2185 PASSED and approved by the City of Topeka, Kansas, on June 19, 2007.

2186

2187

CITY OF TOPEKA, KANSAS

2188

2189 (SEAL)

2190

William W. Bunten, Mayor

2191

2192

2193 ATTEST:

2194

2195

2196

Brenda Younger, City Clerk

2198

2199

2200

CERTIFICATE

2201

2202 I, the undersigned, hereby certify that the above and foregoing is a true and correct
2203 copy of the Resolution of the governing body of the City of Topeka, Kansas, adopted by the
2204 governing body at a regularly scheduled meeting held on June 19, 2007, as the same appears
2205 of record in my office, and that the Resolution has not been modified, amended or repealed
2206 and is in full force and effect as of this date.

2207

2208 DATED: June 19, 2007.

2209

2210 (SEAL)

2211

Brenda Younger, City Clerk

2212

2213 EXHIBIT A
2214 (FORM OF BOND)
2215

2216 Unless this certificate is presented by an authorized representative of The Depository Trust
2217 Company to the issuer or its agent for registration of transfer, exchange or payment, and any
2218 certificate issued is registered in the name of Cede & Co. or such other name as requested
2219 by an authorized representative of The Depository Trust Company and any payment is made
2220 to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR
2221 OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner
2222 hereof, Cede & Co., has an interest herein.
2223

2224 Financial Security Assurance Inc. ("Financial Security"), New York, New York, has
2225 delivered its municipal bond insurance policy with respect to the scheduled payments due of
2226 principal of and interest on this Bond to the Kansas State Treasurer, Topeka, Kansas, or its
2227 successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and
2228 available for inspection at the principal office of the Paying Agent and a copy thereof may
2229 be obtained from Financial Security or the Paying Agent.
2230

2231 UNITED STATES OF AMERICA
2232 STATE OF KANSAS
2233 COUNTY OF SHAWNEE
2234 CITY OF TOPEKA
2235 COMBINED UTILITY IMPROVEMENT AND REFUNDING REVENUE BOND
2236 SERIES 2007-B
2237

2238 No. R-_____ \$_____

2239
2240 Rate of Maturity Dated CUSIP _____
2241 Interest: Date: Date: July 17, 2007
2242

2243 Registered Owner:
2244

2245 Principal Amount:
2246

2247 The City of Topeka, in the County of Shawnee, State of Kansas, (the "City") for
2248 value received acknowledges itself to be indebted to and promises to pay, but solely from
2249 the sources hereinafter pledged, to the registered owner identified above, or registered
2250 assigns as hereinafter provided, on the maturity date identified above, the principal amount
2251 identified above, and in like manner to pay, as of the Record Dates as hereinafter provided,
2252 interest on such principal amount from the date of this Bond or from the most recent interest
2253 payment date to which interest has been paid prior to the registration date set forth below at
2254 the rate of interest per annum set forth above semiannually on February 1 and August 1 of
2255 each year (the "Interest Payment Dates") commencing February 1, 2008, until said principal
2256 amount is paid.
2257

2258 The principal of and premium, if any, on this Bond shall be payable in lawful money
2259 of the United States of America at the office of the Treasurer of the State of Kansas, Topeka,
2260 Kansas, (the "Paying Agent" and "Bond Registrar") upon presentation of this Bond for
2261 payment and cancellation. The interest on this Bond shall be payable in lawful money of
2262 the United States of America by check or draft of the Paying Agent by mailing to the
2263 registered owner thereof at the address appearing on the registration books of the City
2264 maintained by the Bond Registrar or at such other address as is furnished in writing by such
2265 registered owner to the Bond Registrar at the close of business on the 15th day of January or
2266 July next preceding the applicable interest payment date (the "Record Dates"), or in the case
2267 of an interest payment to any Owner of **\$500,000** or more in aggregate principal amount of
2268 Bonds, by electronic transfer to such Owner upon written notice given to the Paying Agent
2269 by such Owner not less than **15** days prior to the Record Date for such interest, containing
2270 the electronic transfer instructions including the bank (which shall be in the continental
2271 United States), ABA routing number and account number to which such Owner wishes to
2272 have such transfer directed.

2273
2274 THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE
2275 REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT
2276 AS THOUGH FULLY SET FORTH AT THIS PLACE.

2277
2278 It is hereby certified and declared that all acts, conditions and things required to be
2279 done and to exist precedent to and in the issuance of this Bond have been properly done and
2280 performed and do exist in due and regular form and manner as required by the Constitution
2281 and Laws of the State of Kansas, and that the total indebtedness of said City, including this
2282 series of bonds, does not exceed any constitutional or statutory limitation.

2283
2284 This Bond shall not be valid or become obligatory for any purpose until the
2285 Certificate of Authentication and Registration hereon shall have been lawfully executed by
2286 the Bond Registrar.

2287
2288 IN WITNESS WHEREOF, the said City of Topeka, in the State of Kansas, by its
2289 governing body, has caused this Bond to be executed by its Mayor and attested by its City
2290 Clerk by their manual signatures with its corporate seal to be affixed hereon, all as of the
2291 17th day of July, 2007.

CITY OF TOPEKA, KANSAS

2293
2294 (manual)
2295 Mayor

2296
2297
2298 ATTEST: (manual)
2299 (SEAL) City Clerk

2300 *****

2301 CERTIFICATE OF AUTHENTICATION AND REGISTRATION

2302
2303 This Bond is one of the City of Topeka, Kansas, Combined Utility Improvement and
2304 Refunding Revenue Bonds, Series 2007-B described in the within mentioned Resolution.

2305
2306 Registration Date: _____
2307

2308
2309 OFFICE OF THE STATE TREASURER
2310 Topeka, Kansas,
2311 as Bond Registrar and Paying Agent
2312

2313 By _____

2314 I.D.#: _____

2315 *****

2316 FURTHER TERMS AND PROVISIONS

2317
2318 This Bond is one of a duly authorized series of Bonds of the City aggregating the
2319 principal amount of \$5,210,000 (the "Bonds") issued for the purposes set forth in Ordinance
2320 No. 18906 of the City (the "Ordinance"). This Bond and the series of Bonds of which it is a
2321 part are issued by the authority of and in full compliance with the provisions, restrictions
2322 and limitations of the Constitution and Laws of the State of Kansas, including K.S.A. 10-
2323 101 to 125, inclusive, as amended by K.S.A. 10-620 to 10-632, inclusive, K.S.A. 10-116a
2324 and Article 12 of Chapter 10 of the Kansas Statutes Annotated, and all amendments thereof,
2325 acts supplemental thereto, the Ordinance, Resolution No. 7963 of the City (the
2326 "Resolution") and all other provisions of the laws of the State of Kansas applicable thereto.
2327

2328 The Bonds are issued in fully registered form in the denomination of \$5,000 each or
2329 authorized integral multiples thereof. This Bond may be exchanged at the principal office
2330 of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity
2331 or other authorized denominations upon the terms set forth in the authorizing Ordinance and
2332 the Resolution.
2333

2334 At the option of the City, the Bonds or portions thereof either maturing or subject to
2335 mandatory redemption and payment on or after August 1, 2016, may be called for
2336 redemption and payment prior to maturity on August 1, 2015, and thereafter in whole or in
2337 part on any date (Bonds of less than a single maturity to be selected by lot in multiples of
2338 \$5,000 principal amount by the Paying Agent and Bond Registrar in such equitable manner
2339 as they shall designate), at the redemption price equal to 100% of the principal amount
2340 thereof, plus accrued interest thereon to the date fixed for redemption and payment.
2341

2342 Each of the Bonds maturing on August 1, 2027, shall also be subject to mandatory
2343 redemption and payment prior to maturity beginning on August 1, 2025, and on each August
2344 1 thereafter, pursuant to the redemption schedule set forth in the Resolution at the
2345 redemption Price of 100% (expressed as a percentage of the principal amount) plus accrued
2346 interest thereon to the Redemption Date.

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Each of the Bonds maturing on August 1, 2029, shall also be subject to mandatory redemption and payment prior to maturity on August 1, 2028, and August 1, 2029, pursuant to the redemption schedule set forth in the Resolution at the redemption Price of 100% (expressed as a percentage of the principal amount) plus accrued interest thereon to the Redemption Date.

Each of the Bonds maturing on August 1, 2037, shall also be subject to mandatory redemption and payment prior to maturity beginning on August 1, 2030, and on each August 1 thereafter, pursuant to the redemption schedule set forth in the Resolution at the redemption Price of 100% (expressed as a percentage of the principal amount) plus accrued interest thereon to the Redemption Date.

Bonds will be redeemed in integral multiples of \$5,000. If less than all Bonds are called for redemption, the Bond Registrar will, in the case of Bonds in denominations greater than \$5,000, treat each \$5,000 of face value as though it were a separate Bond.

In the event of any such redemption, the Paying Agent shall give notice of such call by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than thirty (30) days prior to the date of such redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Failure to give such notice by mailing to the registered owner of any Bond, or any defect therein, shall not affect the validity of any proceedings for the redemption of other Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice.

The principal and interest of this Bond is hereby made a lien upon the revenues derived from the combined Water, Water Pollution Control and Stormwater Utilities of the City and said principal and interest are to be paid solely and only from a special fund into which there shall be paid, from the revenues derived from the rates, fees or charges collected by said City from the operation of said combined Water, Water Pollution Control and Stormwater Utilities sums sufficient to make said payments when due, after deducting only reasonable operation and maintenance expenses. Said City shall not be obligated to pay said Bond with the interest thereon except from said special fund and neither this Bond nor this issue of which it forms a part is guaranteed or secured by any property of the City other than the revenues from said combined Water, Water Pollution Control and Stormwater Utilities, nor does this Bond constitute any indebtedness of said City which is payable in any manner from taxation and limit in any way the power of the City of issue bonds for any other purpose.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof, or redemption price hereof and interest due hereon and for all other purposes.

2392 The Bonds are being issued by means of a book-entry system with no physical
2393 distribution of bond certificates to be made except as provided in the Resolution. One Bond
2394 certificate with respect to each date on which the Bonds are stated to mature or with respect
2395 to each form of Bonds, registered in the nominee name of the Securities Depository, is being
2396 issued and required to be deposited with the Securities Depository and immobilized in its
2397 custody. The book-entry system will evidence positions held in the Bonds by the Securities
2398 Depository's participants, beneficial ownership of the Bonds in authorized denominations
2399 being evidenced in the records of such participants. Transfers of ownership shall be effected
2400 on the records of the Securities Depository and its participants pursuant to rules and
2401 procedures established by the Securities Depository and its participants. The City and the
2402 Paying Agent will recognize the Securities Depository nominee, while the registered owner
2403 of the Bond, as the Owner of this Bond for all purposes, including (i) payments of principal
2404 of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting.
2405 Transfer of principal, interest and any redemption premium payments to participants of the
2406 Securities Depository, and transfer of principal, interest and any redemption premium
2407 payments to beneficial owners of the Bonds by participants of the Securities Depository will
2408 be the responsibility of such participants and other nominees of such beneficial owners. The
2409 City and the Paying Agent will not be responsible or liable for such transfers of payments or
2410 for maintaining, supervising or reviewing the records maintained by the Securities
2411 Depository, the Securities Depository nominee, its participants or persons acting through
2412 such participants. While the Securities Depository nominee is the owner of this Bond,
2413 notwithstanding the provision hereinabove contained, payments of principal of, redemption
2414 premium, if any, and interest on this Bond shall be made in accordance with existing
2415 arrangements among the City, the Paying Agent and the Securities Depository.

2416
2417 **EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE, THIS**
2418 **GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY**
2419 **TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A**
2420 **SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A**
2421 **SUCCESSOR SECURITIES DEPOSITORY.**

2422
2423 This Bond is transferable by the registered owner hereof in person or by his attorney
2424 duly authorized in writing at the principal office of the Bond Registrar, but only in the
2425 manner, subject to the limitations and upon payment of the charges provided in the
2426 Resolution, and upon surrender and cancellation of this Bond. The City shall pay out of the
2427 proceeds of the Bonds or from other funds all costs incurred in connection with the issuance,
2428 transfer, exchange, registration, redemption or payment of the Bonds except (a) the
2429 reasonable fees and expenses in connection with the replacement of a Bond or Bonds
2430 mutilated, stolen, lost or destroyed or (b) any tax or other governmental charge imposed in
2431 relation to the transfer, exchange, registration, redemption or payment of the Bonds. Upon
2432 such transfer a replacement Bond or Bonds of authorized denominations of the same
2433 maturity and for the same aggregate principal amount will be issued to the transferee in
2434 exchange therefore.

2435 *****

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does (do) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identifying No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____ standing in the name of the undersigned on the books of the Treasurer of the State of Kansas (the "Bond Registrar"). The undersigned does (do) hereby irrevocably constitute and appoint _____ as attorney to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or Taxpayer Identifying No.

Signature (Sign Here Exactly as Name(s) Appear on Face of Certificate)

Signature guaranty:

By _____

CERTIFICATE OF CITY CLERK

I, the undersigned, City Clerk of the City of Topeka, Kansas, do hereby certify that this Bond has been duly registered in my office according to law as of July 17, 2007.

WITNESS my hand and official seal.

(manual signature)

(SEAL)

City Clerk

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CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

I, LYNN JENKINS, Treasurer of the State of Kansas, do hereby certify that a full and complete transcript of the proceedings leading up to the issuance of this Bond has been filed in my office and that this Bond was registered in my office according to law this _____.

WITNESS my hand and official seal.

LYNN JENKINS
TREASURER OF THE STATE OF KANSAS

(SEAL)

By _____
State Treasurer

2498
2499
2500
2501
2502

EXHIBIT B
(DTC LETTERS OF REPRESENTATIONS)