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 NO. 7963

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

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

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

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

<table>
<thead>
<tr>
<th>MATURITY (August 1)</th>
<th>PRINCIPAL AMOUNT</th>
<th>INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$ 500,000</td>
<td>6.25%</td>
</tr>
<tr>
<td>2008</td>
<td>520,000</td>
<td>5.25</td>
</tr>
</tbody>
</table>

WHEREAS, the City has heretofore duly authorized, issued and delivered its $46,180,000 principal amount of Combined Utility Improvement and Refunding Revenue Bonds, Series 2004-A, dated February 19, 2004, (the "Series 2004-A Bonds") pursuant to its 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 $43,410,000 bearing interest payable semiannually on February 1 and August 1 each year and maturing on August 1, as follows:
<table>
<thead>
<tr>
<th>MATURITY</th>
<th>PRINCIPAL AMOUNT</th>
<th>INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(August 1)</td>
<td>($ 960,000)</td>
<td>6.000%</td>
</tr>
<tr>
<td>2008</td>
<td>980,000</td>
<td>6.000%</td>
</tr>
<tr>
<td>2009</td>
<td>1,005,000</td>
<td>6.000%</td>
</tr>
<tr>
<td>2010</td>
<td>1,035,000</td>
<td>6.000%</td>
</tr>
<tr>
<td>2011</td>
<td>1,065,000</td>
<td>6.000%</td>
</tr>
<tr>
<td>2012</td>
<td>1,100,000</td>
<td>3.100%</td>
</tr>
<tr>
<td>2013</td>
<td>1,135,000</td>
<td>3.300%</td>
</tr>
<tr>
<td>2014</td>
<td>1,175,000</td>
<td>3.450%</td>
</tr>
<tr>
<td>2015</td>
<td>1,220,000</td>
<td>3.650%</td>
</tr>
<tr>
<td>2016</td>
<td>1,265,000</td>
<td>3.800%</td>
</tr>
<tr>
<td>2017</td>
<td>1,315,000</td>
<td>4.000%</td>
</tr>
<tr>
<td>2018</td>
<td>1,370,000</td>
<td>4.000%</td>
</tr>
<tr>
<td>2019</td>
<td>1,425,000</td>
<td>4.125%</td>
</tr>
<tr>
<td>2020</td>
<td>1,490,000</td>
<td>4.250%</td>
</tr>
<tr>
<td>2021</td>
<td>1,555,000</td>
<td>4.250%</td>
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SERIAL BONDS

<table>
<thead>
<tr>
<th>MATURITY</th>
<th>PRINCIPAL AMOUNT</th>
<th>INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(August 1)</td>
<td>($3,315,000)</td>
<td>4.50%</td>
</tr>
<tr>
<td>2023</td>
<td>11,960,000</td>
<td>4.50%</td>
</tr>
<tr>
<td>2033</td>
<td>10,040,000</td>
<td>4.50%</td>
</tr>
</tbody>
</table>

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

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

(REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK)
<table>
<thead>
<tr>
<th>MATURITY (August 1)</th>
<th>AMOUNT</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$480,000</td>
<td>4.50%</td>
</tr>
<tr>
<td>2007</td>
<td>205,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2008</td>
<td>215,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2009</td>
<td>225,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2010</td>
<td>235,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2011</td>
<td>240,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2012</td>
<td>250,000</td>
<td>7.50</td>
</tr>
<tr>
<td>2013</td>
<td>270,000</td>
<td>7.50</td>
</tr>
<tr>
<td>2014</td>
<td>290,000</td>
<td>7.50</td>
</tr>
<tr>
<td>2015</td>
<td>315,000</td>
<td>7.50</td>
</tr>
<tr>
<td>2016</td>
<td>335,000</td>
<td>7.50</td>
</tr>
<tr>
<td>2017</td>
<td>360,000</td>
<td>4.25</td>
</tr>
</tbody>
</table>

**SERIAL BONDS**

<table>
<thead>
<tr>
<th>MATURITY (August 1)</th>
<th>AMOUNT</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$1,200,000</td>
<td>6.00%</td>
</tr>
<tr>
<td>2023</td>
<td>1,430,000</td>
<td>6.00</td>
</tr>
<tr>
<td>2025</td>
<td>1,100,000</td>
<td>6.00</td>
</tr>
<tr>
<td>2027</td>
<td>1,235,000</td>
<td>6.00</td>
</tr>
<tr>
<td>2035</td>
<td>6,490,000</td>
<td>5.25</td>
</tr>
</tbody>
</table>

**WHEREAS**, the City has heretofore duly authorized, issued and delivered its $22,600,000 principal amount of Combined Utility Refunding Revenue Bonds, Series 2006-B, dated October 18, 2006, (the "Series 2006-B Bonds") pursuant to its Ordinance and Resolution adopted September 26, 2006, 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 2006-B Bonds the principal amount of $22,600,000 bearing interest payable semiannually on February 1 and August 1 each year and maturing on August 1, as follows:

(REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK)
<table>
<thead>
<tr>
<th>MATURITY (August 1)</th>
<th>PRINCIPAL AMOUNT</th>
<th>INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$345,000</td>
<td>4.00%</td>
</tr>
<tr>
<td>2008</td>
<td>160,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2009</td>
<td>705,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2010</td>
<td>735,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2011</td>
<td>750,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2012</td>
<td>770,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2013</td>
<td>815,000</td>
<td>5.00</td>
</tr>
<tr>
<td>2014</td>
<td>1,875,000</td>
<td>5.00</td>
</tr>
<tr>
<td>2015</td>
<td>2,365,000</td>
<td>5.00</td>
</tr>
<tr>
<td>2016</td>
<td>2,485,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2017</td>
<td>2,595,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2018</td>
<td>2,695,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2019</td>
<td>2,810,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2020</td>
<td>2,935,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2021</td>
<td>560,000</td>
<td>4.25</td>
</tr>
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</table>

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS

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

"Arbitrage Instructions" means the Arbitrage Instructions attached to the City's Federal Tax Certificate dated as of the date of issuance and delivery of the Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.
"Bond and Interest Fund" means the fund set aside by the City to consolidate and maintain individual principal and interest accounts used to record and accumulate monthly principal and interest payments for Outstanding utility revenue bonds.

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

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

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

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

"Bond Reserve Account" means the Bond Reserve Account for the Series 2007-B Bonds created herein.

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

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

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

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

"City" means the City of Topeka, Kansas, the issuer of the Bonds.

“City Engineer” means the person serving as the city engineer as defined in Section 2-148 of the Code of the City.
"Clerk" means the duly appointed and/or elected Clerk of the City or, in the Clerk's absence, the duly appointed Deputy Clerk or Acting Clerk of the City, and any successors or assigns thereto.


“Combined Utility” means the water, water pollution control and stormwater utilities of the City.

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

"Dated Date" means July 17, 2007.

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

"Defeasance Obligations" means any of the following obligations:

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

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

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

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

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

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust; and
(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.

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

“Director of Public Works” means the person serving as the director of public works as defined in Section 2-147 of the Code of the City.

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

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

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

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

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

“Federal Tax Certificate” means the certificate so named and included in the transcript of proceedings pertaining to the issuance of the Bonds describing the investment and use of the proceeds of the Bonds.

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

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

“Gross Revenues” means all receipts and revenues derived by the City from the operation of the Combined Utility, including investment earnings but excluding any grants, proceeds of bond issues and/or insurance proceeds.
“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:
(a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

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

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

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

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

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

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

“Permitted Loans” means any State revolving loans for public drinking water improvements, pollution control improvements, or for stormwater improvements.
"Person" means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

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

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

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

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

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

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


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

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

"Resolution" means this resolution relating to the Bonds and any supplemental resolution.

“Revenue Fund” means the Combined Utility Fund for the City’s water, water pollution control and stormwater utility revenue bonds.

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

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

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

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

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

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

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

"State" means the State of Kansas.

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

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

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

“Term Bonds” means the Bonds scheduled to mature in the years 2027, 2029 and 2037.
"Treasurer" means the duly appointed and/or elected Treasurer of the City or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the City, and any successors or assigns thereto.

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

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

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

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

<table>
<thead>
<tr>
<th>MATURITY (August 1)</th>
<th>PRINCIPAL AMOUNT</th>
<th>INTEREST RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TERM BONDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2027</td>
<td>$1,770,000</td>
<td>4.625%</td>
</tr>
<tr>
<td>2029</td>
<td>1,065,000</td>
<td>4.750</td>
</tr>
<tr>
<td>2037</td>
<td>2,375,000</td>
<td>4.750</td>
</tr>
</tbody>
</table>

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

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be typed or printed in accordance with the format required by the
Attorney General of the State and shall be substantially in the form attached hereto as Exhibit A or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 et seq.

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

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

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

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

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

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or (b) in the case of an interest payment to any Owner of $500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States) ABA routing number and account number to which such Owner wishes to have such transfer directed.
Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

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

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

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

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

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. The City shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the
responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct
taxpayer identification number to the Paying Agent, the Paying Agent may make a charge
against such Owner sufficient to pay any governmental charge required to be paid as a result
of such failure. In compliance with Section 3406 of the Code, such amount may be
deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or
under the Bonds.

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

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

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

Section 206. Execution, Registration, Authentication and Delivery of Bonds.
Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds
initially delivered, shall be executed for and on behalf of the City by the manual or facsimile
signature of the Mayor, attested by the manual or facsimile signature of the Clerk and the
seal of the City shall be affixed thereto or imprinted thereon. The Mayor and Clerk are
hereby authorized and directed to prepare and execute the Bonds in the manner herein
specified, and to cause the Bonds to be registered in the office of the Clerk, which
registration shall be evidenced by the manual or facsimile signature of the Clerk with the
seal of the City affixed thereto or imprinted thereon. The Bonds shall also be registered in
the office of the State Treasurer, which registration shall be evidenced by the manual or
facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto
or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to
be such officer before the delivery of such Bonds, such signature shall nevertheless be valid
and sufficient for all purposes, as if such person had remained in office until delivery. Any
Bond may be signed by such persons who at the actual time of the execution of such Bond
are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

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

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

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

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

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

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the City.
Section 209. Preliminary and Final Official Statement. The Preliminary Official Statement dated June 11, 2007, is hereby ratified and approved. For the purpose of enabling the Original Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Original Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Original Purchaser to comply with the requirement of such Rule.

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

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

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

Section 211. Book-Entry Bonds; Securities Depository.

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

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

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

(d) The execution and delivery of the Representation Letter to DTC by the
Mayor of the City in the form attached hereto as Exhibit B with such changes, omissions,
insertions and revisions as the Mayor shall deem advisable, is hereby authorized, and
execution of the Representation Letter by the Mayor shall be conclusive evidence of such
approval. The Representation Letter shall set forth certain matters with respect to, among
other things, notices, consents and approvals by Registered Owners of the Bonds and Beneficial Owners and payments on the Bonds. The Paying Agent shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Resolution.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional and Mandatory Redemption by City.

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

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

<table>
<thead>
<tr>
<th>Principal Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$490,000</td>
<td>2025</td>
</tr>
<tr>
<td>655,000</td>
<td>2026</td>
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</table>

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

<table>
<thead>
<tr>
<th>Principal Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$630,000</td>
<td>2028</td>
</tr>
</tbody>
</table>

(leaving $435,000 to mature August 1, 2029)
2037 TERM BONDS

<table>
<thead>
<tr>
<th>Principal Amount</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$255,000</td>
<td>2030</td>
</tr>
<tr>
<td>265,000</td>
<td>2031</td>
</tr>
<tr>
<td>280,000</td>
<td>2032</td>
</tr>
<tr>
<td>295,000</td>
<td>2033</td>
</tr>
<tr>
<td>305,000</td>
<td>2034</td>
</tr>
<tr>
<td>310,000</td>
<td>2035</td>
</tr>
<tr>
<td>325,000</td>
<td>2036</td>
</tr>
</tbody>
</table>

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

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

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

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

(a) the Redemption Date;

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

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

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

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

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

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

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

ARTICLE IV

SECURITY FOR AND PAYMENT OF BONDS

Section 401. Security for the Bonds. The principal and interest on the Bonds shall be payable solely from the Net Revenues derived by the City from the rates, fees and charges collected by the City from the operation of the Combined Utility, including all improvements, extensions and enlargements thereto hereafter constructed or acquired by the City and not paid for from any other fund or source. The Bonds shall constitute a lien upon the revenues produced from the operations of the City’s Combined Utility. The Bonds and the interest thereon are payable solely from revenues derived from the rates, fees or charges collected by the City from the operation of the City’s Combined Utility and not from any
other funds or sources. The Bonds will not constitute a general obligation of the City, and no taxes can be levied by the City to pay either principal or interest thereon.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS
DEPOSIT AND APPLICATION OF MONEYS

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.

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

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

(b) Water, Water Pollution Control and Stormwater Utility Construction Fund (the “Construction Fund”); and

(c) Water, Water Pollution Control and Stormwater Utility Renewal and Replacement Account (the “Renewal and Replacement Account”).

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:

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

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

(c) Rebate Fund for Combined Utility Improvement and Refunding Revenue Bonds, Series 2007-B (the "Rebate Fund").
The Funds and Accounts established herein shall be administered in accordance with the provisions of this Resolution so long as the Bonds are Outstanding.

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

(a) Accrued interest, if any, on the Bonds will be deposited into the Series 2007-B Principal and Interest Account established and created in Section 501 of this Resolution;

(b) $2,065,425.00 of the proceeds of the Bonds shall be deposited with the Kansas State Treasurer to redeem and pay all of the Refunded Bonds on August 1, 2007;

(c) $2,914,221.90 of the proceeds of the Bonds shall be deposited in the Construction Fund to pay both the costs of the Improvements and the costs, fees and expenses incurred in connection with the issuance of the Bonds not including the bond insurance premium in the amount of $27,193.33 which will be paid upon and as a closing condition; and

(d) $109,911.36 of the proceeds of the Bonds shall be deposited in the Bond Reserve Account established and created in Section 501 of this Resolution.

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

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

Upon completion of the extensions, enlargements and improvements to the System as hereinbefore provided, any surplus remaining in the Construction Fund shall be deposited in the Revenue Fund.
Section 504. Application of Moneys in other Funds and Accounts. Gross Revenues shall be deposited in the Revenue Fund. The City shall pay from the Revenue Fund the Expenses of the Combined Utility and keeping the same in good repair and working order. After paying and providing for the payment of the Expenses and any required deposits to the Rebate Fund as provided in Section 505 of this Resolution, the City further covenants and agrees that it will allocate, pay and credit the Net Revenues at the time in the Revenue Fund as follows in such amounts so at all times the City will have sufficient money to meet and pay the requirements of the Principal and Interest Account, Bond Reserve Account and any other obligations of the Combined Utility on a parity with the Bonds.

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

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

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

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

(b) Monies held in the Bond Reserve Account shall be used solely to prevent any default in the payment of the principal of or interest on the Bonds if at any time the monies in the Principal and Interest Account are insufficient to pay the principal of and/or interest on the Bonds. Unless all of the Bonds outstanding at any given time are called for redemption and payment or are refunded as is provided in this Resolution, no part of the Bond Reserve Account shall ever be used or expended by the City to call and redeem, in part, said Bonds for payment prior to their ultimate maturity. So long as the monies and investments in the Bond Reserve Account shall aggregate not less than the Bond Reserve Requirement no payments into said account shall be required, but if at any time the City shall be compelled to use and expend any part of said Bond Reserve Account for any purpose and/or the amount in said account shall be less than the Bond Reserve Requirement, then the City, after making all payments and credits at the time required to be made by it under the provisions of this Resolution, will make monthly payments or credits to the Bond Reserve Account in such amounts as are sufficient to replenish the account to its required balance within eighteen (18) months of the shortfall therein.
(c) After making all payments and credits from the Revenue Fund at the time required to be made under provisions of paragraphs (a) through (c) of this Section, all remaining monies in the Revenue Fund which shall not be required for the operation and maintenance of the System for the ensuing forty-five (45) day period shall be deposited into the Renewal and Replacement Account and may be used by the City for any one or more of the following purposes as determined by both the Director of Public Works and the Director of Financial Services of the City:

(1) to pay the cost of extraordinary repairs and maintenance of the System;
(2) for capital improvements to the System; and
(3) to pay Expenses of the Combined Utility if sufficient funds are not available in the Revenue Fund.

Section 505. Application of Moneys in the Rebate Fund.

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

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

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

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

Section 506. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with the requirements of K.S.A. 10-131, as amended. All such deposits shall be continuously and adequately secured by the financial institutions holding such deposits as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.
Moneys held in the funds and accounts herein created or established in conjunction with the issuance of the Bonds may be invested by the City in Permitted Investments or in other investments allowed by Kansas law in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in said accounts or funds; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund or account was created. All interest on any Permitted Investment held in any fund or account (except amounts required to be deposited in the Rebate Fund in accordance with the Arbitrage Instructions) shall accrue to and become a part of the Revenue Fund. In determining the amount held in any fund or account under the provisions of the Resolution, Permitted Investments shall be valued at their par value or at their then redemption value, whichever is lower.

Section 507. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, said Bond. If such funds shall have remained unclaimed for five (5) years after such principal or interest has become due and payable, such funds shall be paid to the City; and all liability of the Paying Agent to the Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged. The obligations of the Paying Agent under this Section to pay any such funds to the City shall be subject to any provisions of law applicable to the Paying Agent or to such funds providing other requirements for disposition of unclaimed property.

ARTICLE VI

DEFAULT AND REMEDIES

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

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Resolution or by the Constitution and laws of the State;
(b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

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

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

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


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

(b) The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Bond Reserve Account, if any.
(c) Notwithstanding anything to the contrary set forth in the Resolution, amounts on deposit in the Bond Reserve Account shall be applied solely to the payment of debt service due on the Bonds.

(d) The Insurer shall be deemed to be the sole holder of the insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds insured by it are entitled to take pursuant to the Resolution pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Paying Agent.

(e) Remedies granted to the Bondholders shall expressly include mandamus.

(f) If acceleration is permitted under the Resolution, the maturity of Bonds insured by the Insurer shall not be accelerated without the consent of the Insurer and in the event the maturity of the Bonds is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the City) and the Paying Agent shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such Bonds shall be fully discharged.

(g) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(h) The Insurer shall be included as a third party beneficiary to the Resolution.

(i) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer.

(j) The exercise of any provision of the Resolution which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bond so purchased is not cancelled upon purchase.

(k) Any amendment, supplement, modification to, or waiver of, the Resolution or any other transaction document, including any underlying security agreement (each a "Related Document"), that requires the consent of Bondowners or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

(l) Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.
The rights granted to the Insurer under the Resolution or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Bondowners or any other person is required in addition to the consent of the Insurer.

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

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

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

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

Each of the City and Paying Agent covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations
thereof) as is necessary from time to time to preserve the priority of the pledged security hereunder under applicable law.

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

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

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

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

Upon payment of a claim under the Insurance Policy, the Paying Agent shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and
distribute such amount only for purposes of making the payments for which a claim
was made. Such amounts shall be disbursed by the Paying Agent to Bondholders in
the same manner as principal and interest payments are to be made with respect to
the Bonds under the sections hereof regarding payment of Bonds. It shall not be
necessary for such payments to be made by checks or wire transfers separate from
the check or wire transfer used to pay debt service with other funds available to make
such payments. Notwithstanding anything herein to the contrary, the City agrees to
carry such payments to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under
the Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer
Advances from the date paid by the Insurer until payment thereof in full, payable to
the Insurer at the Late Payment Rate per annum (collectively, the “Insurer
Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater
of (i) the per annum rate of interest, publicly announced from time to time by
JPMorgan Chase Bank at its principal office in The City of New York, as its prime
or base lending rate (any change in such rate of interest to be effective on the date
such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then
applicable highest rate of interest on the Bonds and (b) the maximum rate
permissible under applicable usury or similar laws limiting interest rates. The Late
Payment Rate shall be computed on the basis of the actual number of days elapsed
over a year of 360 days. The City hereby covenants and agrees that the Insurer
Reimbursement Amounts are secured by a lien on and pledge of the Net Revenues
and payable from such Net Revenues on a parity with debt service due on the Bonds.

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

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

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

(t) After payment of reasonable expenses of the Paying Agent, the application of funds realized upon default shall be applied to the payment of expenses of the City or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Bond Reserve Account to the Bond Reserve Requirement.

(u) The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the City (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Resolution, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

(v) The notice address of the Insurer is: Financial Security Assurance Inc., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. 208770-N, Telephone: (212) 826-0100; Telex: (212) 339-3556. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(w) The Insurer shall be provided with the following information by the City or Paying Agent, as the case may be:

(i) Annual audited financial statements within 150 days after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Resolution), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;

(ii) Notice of any draw upon the Bond Reserve Account within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Bond Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(iii) Notice of any default known to the Paying Agent or City within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;
(v) Notice of the resignation or removal of the Paying Agent and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the City or Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

(ix) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

(x) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Resolution, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Bond Reserve Account is fully funded at the Bond Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(y) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Resolution would adversely affect the security for the Bonds or the rights of the Bondholders, the Paying Agent shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

(z) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.
ARTICLE VII

DEFEASANCE

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

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants.

(a) The City covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the City in a manner which would adversely affect the exclusion from gross income of the interest on the Bonds, and (3) will not take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds. The City will, in addition, adopt such other
ordinances or resolutions and take such other actions as may be necessary to comply with
the Code and with all other applicable future laws, regulations, published rulings and
judicial decisions, in order to ensure that the interest on the Bonds will remain excluded
from federal gross income, to the extent any such actions can be taken by the City.

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

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

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

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

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

**ARTICLE IX**

**CONTINUING DISCLOSURE REQUIREMENTS**

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

**Section 902. Failure to Comply with Continu ing Disclosure Requirements.** In
the event the City fails to comply in a timely manner with its covenants contained in the
preceding section, the Original Purchaser and/or any such Beneficial Owner may make demand for such compliance by written notice to the City. In the event the City does not remedy such noncompliance within 10 days of receipt of such written notice, the Original Purchaser or any such Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy as the Original Purchaser and/or any such Beneficial Owner shall deem effectual to protect and enforce any of the duties of the City under such preceding section.

ARTICLE X

MISCELLANEOUS PROVISIONS

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

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

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

(c) The City will fix, establish, maintain and collect such rates, fees or charges for service furnished by and through the Combined Utility including all extensions, improvements and enlargements thereto thereafter constructed or acquired by the City, which rates, fees or charges shall be sufficient to pay the Expenses of the Combined Utility and to pay the principal of and interest on the Bonds and all other Combined Utility revenue bonds of the City hereafter issued and standing on a parity with the Bonds as and when the same become due, and to create and maintain reasonable reserves as hereinafter specified; provided, however, that such rates, fees and charges of the water, water pollution control and stormwater utilities shall not be set or otherwise established so that the rates, fees or charges of one such division subsidize the other. The City further covenants and agrees that it will at all times maintain and collect rates, fees or charges for the use of or services rendered by the Combined Utility which will be sufficient to enable the City to have in each fiscal year Net Revenues from the Combined Utility in an amount which will be not less than 125% of the amount required to be paid by the City in the next succeeding fiscal year on account of both principal of and interest on all Combined Utility revenue bonds of the City at that time outstanding. As soon as possible after the end of each fiscal year, the annual audit and report made for such year by the City's officers pursuant to provisions of this Resolution shall be presented to and considered by the City's Governing Body and if it shall appear that an increase in existing rates, fees or charges for the services of the Combined Utility is necessary in order to satisfy the obligations of the City under provisions of this Resolution, the Governing Body shall promptly make such increase and shall cause
the same to be effective within ninety (90) days thereafter. If prior to the end of the then current fiscal year, any interim operating statements of the Combined Utility shall indicate that an increase in the existing rates, fees or charges is necessary to satisfy the obligations of the City under provisions of this Resolution, the Governing Body shall promptly make such increase and shall cause the same to be effective within ninety (90) days thereafter.

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

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

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

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

(h) Annually at the end of each fiscal year the City will cause an audit to be made by a competent firm of independent auditors of the Combined Utility and shall cause a copy of such audit to be mailed to the Original Purchaser of the Bonds. Said audit shall include:
(1) a classified statement of the gross revenues received, of expenditures for operation and maintenance, of expenditures for all other purposes, and the amount of any capital expenditures made from such revenues made during the fiscal year;

(2) a balance sheet as of the end of each fiscal year, with an amount on hand at the end of such year in each of the accounts created or referred to in this Resolution;

(3) a statement showing gain or loss for such fiscal year;

(4) a statement of the Bonds redeemed, purchased or paid during the preceding fiscal year, and a statement of all interest paid during such year on the Bonds;

(5) a statement of the number of customers served by the Combined Utility at the beginning and also at the end of such fiscal year;

(6) a statement showing the amount and character of insurance carried by the City on the property constituting the System and showing the names of the insurers, expiration dates of the policies and the premium thereon;

(7) the opinion of the auditors as to whether or not the City is meeting the requirements of paragraph (c) of this Section by maintaining and collecting adequate rates, fees and charges for Combined Utility services furnished by the City; and

(8) such remarks and recommendations regarding the City's method of operation of the Combined Utility and its accounting practice as such auditors may deem appropriate. Such audit shall be completed as soon as practicable after the end of each fiscal year and a copy thereof filed with the office of the City Clerk where it shall be open to public inspection.

(i) The City shall semiannually conduct an internal rate review for the purpose of determining the sufficiency of the water, water pollution control and stormwater utility rates and charges of the City in view of the covenants herein and heretofore made.

(j) As long as the Bonds are Outstanding, any payments in lieu of taxes made to the City from the Net Revenues of the Combined Utility shall not exceed an amount based on the method currently in effect in the City, such method being based on the net value of the equity of the City in the System located within the corporate limits of the City. Further, such payment in lieu of taxes will not be made if the City is in default in paying the principal of or interest on the Bonds or any additional bonds issued in accordance with Section 1002 hereof, or if such payment would cause the City to default in the payment of principal or interest on the Bonds or any such additional bonds.
Section 1002. Additional Bonds. That the City hereby covenants and agrees that so long as any of the Bonds remain outstanding and unpaid, it will not issue any additional Combined Utility revenue bonds or any other obligations payable from the Net Revenues of the Combined Utility which are superior in lien, security or otherwise to the Bonds other than Permitted Loans. The City hereby covenants and agrees except as hereinafter provided, that so long as the Bonds remain outstanding and unpaid it will not issue any additional bonds or other obligations payable out of the revenues of the Combined Utility which stand on a parity or equality with the Bonds unless each of the following conditions are met:

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

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

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

Additional Combined Utility revenue bonds of the City issued under the conditions hereinbefore in this Section set forth shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the revenues of the Combined Utility with
said Bonds, and the City shall make equal provision for paying said additional Combined Utility revenue bonds and the interest thereon out of the Revenue Fund and provide for the creation of a principal and interest account for the payment of such additional Combined Utility revenue bonds and a bond reserve account to be funded as herein required. Any increases in the Bond Reserve Requirement as a result of the issuance of such additional Combined Utility revenue bonds shall be fully funded concurrently with the issuance of such additional Combined Utility revenue bonds from the proceeds of such bonds or from other funds available for such purpose. In addition, if the City receives an opinion of Bond Counsel to the effect that the Bond Reserve Requirement for any additional Combined Utility revenue bonds must be reduced in order that the amounts on deposit in such bond reserve fund may continue to be invested without yield restriction under the Code the amount held in such bond reserve fund shall be reduced in conformity with said opinion.

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

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

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

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

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

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

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

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

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been
made for all of the requirements of this Resolution, the City shall promptly cure such deficiency.

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

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

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

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

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

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

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

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

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the resolution of the
City hereinabove provided for, duly certified, as well as proof of any required consent to such modification by Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

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

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

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

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Registrar.

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

Section 1008. Further Authority. The officers and officials of the City, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.
Section 1009. Severability. If any section or other part of this Resolution is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Resolution.

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

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

(remainder of this page left intentionally blank)
PASSED and approved by the City of Topeka, Kansas, on June 19, 2007.

CITY OF TOPEKA, KANSAS

(SEAL)

_______________________________
William W. Bunten, Mayor

ATTEST:

___________________________
Brenda Younger, City Clerk

CERTIFICATE

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


(SEAL)

_______________________________
Brenda Younger, City Clerk
EXHIBIT A
(FORM OF BOND)

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

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

UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF SHAWNEE
CITY OF TOPEKA

COMBINED UTILITY IMPROVEMENT AND REFUNDING REVENUE BOND
SERIES 2007-B

No. R-____       $_______

Rate of Interest: Maturity Date: Dated Date: July 17, 2007 CUSIP _________

Registered Owner:

Principal Amount:

The City of Topeka, in the County of Shawnee, State of Kansas, (the "City") for value received acknowledges itself to be indebted to and promises to pay, but solely from the sources hereinafter pledged, to the registered owner identified above, or registered assigns as hereinafter provided, on the maturity date identified above, the principal amount identified above, and in like manner to pay, as of the Record Dates as hereinafter provided, interest on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid prior to the registration date set forth below at the rate of interest per annum set forth above semiannually on February 1 and August 1 of each year (the "Interest Payment Dates") commencing February 1, 2008, until said principal amount is paid.
The principal of and premium, if any, on this Bond shall be payable in lawful money of the United States of America at the office of the Treasurer of the State of Kansas, Topeka, Kansas, (the "Paying Agent" and "Bond Registrar") upon presentation of this Bond for payment and cancellation. The interest on this Bond shall be payable in lawful money of the United States of America by check or draft of the Paying Agent by mailing to the registered owner thereof at the address appearing on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar at the close of business on the 15th day of January or July next preceding the applicable interest payment date (the "Record Dates"), or in the case of an interest payment to any Owner of $500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Paying Agent by such Owner not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Owner wishes to have such transfer directed.

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

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

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

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

CITY OF TOPEKA, KANSAS

______________________

Mayor

______________________

City Clerk

**************************************************************************
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Registration Date: ____________________

OFFICE OF THE STATE TREASURER
Topeka, Kansas,
as Bond Registrar and Paying Agent

By ___________________________________

I.D.#: _________________

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FURTHER TERMS AND PROVISIONS

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

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

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

Each of the Bonds maturing on August 1, 2027, shall also be subject to mandatory redemption and payment prior to maturity beginning on August 1, 2025, 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.
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.
The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Resolution. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository’s participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of the Bond, as the Owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the City, the Paying Agent and the Securities Depository.

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

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

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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.

________________________
(city clerk)

CERTIFICATE OF CITY CLERK
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

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EXHIBIT B

(DTC LETTERS OF REPRESENTATIONS)