

1 **ORDINANCE NO.**

2 **AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF**  
3 **AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING**  
4 **BONDS, TAXABLE SERIES 2015B**

5 **BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

6 **SECTION 1: DEFINITIONS AND FINDINGS.** The following terms shall have  
7 the meanings set forth below, unless the text specifically indicates otherwise:

8 “Bonds” means the “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY  
9 SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2015B” authorized  
10 for issuance by the Fourteenth Supplement.

11 “Business Day” means a day other than a Sunday, Saturday, a legal holiday, or a  
12 day on which banking institutions in the city where the Designated Payment/Transfer  
13 Office of the Paying Agent/Registrar is located are authorized by law or executive order  
14 to close.

15 “Fourteenth Supplement” means Ordinance No. 20150423-\_\_\_\_ authorizing the  
16 issuance of the Bonds and passed by the City Council on April 23, 2015.

17 “Holders” means the registered owners or holders of the Bonds.

18 “Master Ordinance” means Ordinance No. 010118-53A, passed by the City  
19 Council on January 18, 2001.

20 “Maximum Debt Service Requirement” means, as of the date of calculation, an  
21 amount equal to the greatest Annual Debt Service Requirement for the current or any  
22 future Fiscal Year for the Parity Electric Utility Obligations then outstanding at the time  
23 the calculation is made.

24 “Paying Agent/Registrar” means \_\_\_\_\_  
25 \_\_\_\_\_ or other financial institution specified in the Pricing  
26 Certificate.

27 “Previously Issued Electric Utility Obligations” mean the outstanding “ “CITY OF  
28 AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS,  
29 SERIES 2002A”, dated July 15, 2002, “CITY OF AUSTIN, TEXAS, ELECTRIC  
30 UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2006”, dated May 15,  
31 2006, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE  
32 REFUNDING BONDS, SERIES 2006A”, dated October 15, 2006, “CITY OF AUSTIN,  
33 TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES  
34 2007”, dated August 15, 2007, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY

35 SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2008”, dated March  
36 1, 2008, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE  
37 REFUNDING BONDS, SERIES 2008A”, dated July 15, 2008, “CITY OF AUSTIN,  
38 TEXAS, ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES  
39 2010A”, dated June 1, 2010, “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY  
40 SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2010B (Direct  
41 Subsidy-Build America Bonds)”, dated June 1, 2010, “CITY OF AUSTIN, TEXAS,  
42 ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2012A”  
43 and “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY SYSTEM REVENUE  
44 REFUNDING BONDS, TAXABLE SERIES 2012B”.

45 “Prior Supplements” means Ordinances No. 020718-17, 20060518-040, 20061019-  
46 055, 20070322-026, 20080228-078, 20080724-100, 20100610-049, 20121108-070 and  
47 20121108-069 authorizing the issuance of the Previously Issued Electric Utility  
48 Obligations.

49 “Refunded Bonds” means the principal amount of the Series 2006A Bonds,  
50 identified by the Pricing Officer in the Pricing Certificate.

51 “Refunded Notes” means the principal amount of the Taxable Notes, as specified  
52 in the Pricing Certificate.

53 “Refunded Obligations” means, collectively, the Refunded Bonds and the  
54 Refunded Notes.

55 “Required Reserve Amount” means the total amount to be accumulated and  
56 maintained in the Reserve Fund pursuant to the provisions of Section 14 of the  
57 Fourteenth Supplement and the provisions of any subsequent Supplement.

58 “Reserve Fund” means the “Electric Utility System Revenue Obligation Reserve  
59 Fund” to be established and maintained pursuant to the Prior Supplements and Section 14  
60 of the Fourteenth Supplement.

61 “Reserve Fund Obligations” means cash, Eligible Investments, any Credit Facility,  
62 or any combination thereof.

63 “Security Register” shall have the meaning given said term in Section 5 of the  
64 Fourteenth Supplement.

65 “Series 2006A Bonds” means the City of Austin, Texas, Electric Utility System  
66 Revenue Refunding Bonds, Series 2006A.

67 “Series 2015A Bonds” shall mean the “CITY OF AUSTIN, TEXAS, ELECTRIC  
68 UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2015A” authorized for  
69 issuance concurrently with the Bonds by the Thirteenth Supplement.

70 “Taxable Notes” means the City of Austin, Texas Combined Utility Systems  
71 Taxable Commercial Paper Notes, up to an aggregate principal amount of \$50,000,000 to  
72 finance the costs of additions, improvements and extensions to the City’s electric light  
73 and power system.

74 “Thirteenth Supplement” means Ordinance No. 20150423-\_\_\_\_\_ authorizing the  
75 issuance of the Series 2015A Bonds and passed by the City Council on April 23, 2015.

76 The terms used in the Fourteenth Supplement and not otherwise defined shall have  
77 the meanings given in the Master Ordinance or the Prior Supplements.

78 In accordance with the provisions of Texas Government Code, Chapter 1207, the  
79 City is authorized to issue refunding bonds and deposit the proceeds of sale directly with  
80 any place of payment for the Refunded Obligations, or other authorized depository, and  
81 such deposit, when made in accordance with said statute, shall constitute the making of  
82 firm banking and financial arrangements for the discharge and final payment of the  
83 Refunded Obligations.

84 In accordance with the provisions of Texas Government Code, Chapter 1371, the  
85 City has authorized by ordinance and provided for the issuance and sale of the Taxable  
86 Notes and the refunding of the Taxable Notes for the purposes of making such debt long-  
87 term fixed rate debt of the City and restructuring the debt payable from the revenues of  
88 the System is in the best interest of the City, and the manner in which such refunding is  
89 being executed does not make it practicable to make the determinations otherwise  
90 required by Section 1207.008(a)(2), Texas Government Code.

91 In accordance with the provisions of Texas Government Code, Chapter 1207, the  
92 City Council is delegating to the Pricing Officer (as defined below) the authority to  
93 establish the terms and details related to the issuance and sale of the Bonds including:  
94 (i) the principal amount of the Refunded Notes and the principal amount of the Refunded  
95 Bonds to be refunded, (ii) the form and designation of the Bonds; (iii) the principal  
96 amount of the Bonds and the amount of the Bonds to mature in each year; (iv) the dates,  
97 price, interest rates, interest payment dates, principal payment dates, and redemption  
98 features of the Bonds; and (v) any other details relating to the issuance, sale, delivery,  
99 and/or exchange of the Bonds, all within certain specified parameters set forth in the  
100 Fourteenth Supplement.

101 The Refunded Notes are to be refunded and refinanced into long-term obligations  
102 at this time to enable the City’s Electric Utility Department to continue utilizing its  
103 allocated share of Taxable Notes and it is in the public purpose and in the best interest of  
104 the City to refund the Refunded Bonds in order to achieve a present value debt service  
105 savings, with such savings, among other information and terms to be included in a pricing  
106 certificate (the “Pricing Certificate”) to be executed by the Pricing Officer (designated

107 below), all in accordance with the provisions of Section 1207.007, Texas Government  
108 Code.

109 The Bonds can and shall be on a parity with the outstanding “Parity Electric Utility  
110 Obligations” issued in accordance with and under the terms and provisions of the Master  
111 Ordinance and the Prior Supplements.

112 **SECTION 2: AUTHORIZATION; DESIGNATION; PRINCIPAL**  
113 **AMOUNT; PURPOSE.** Revenue bonds of the City shall be and are hereby authorized  
114 to be issued in the not to exceed aggregate principal amount hereinafter set forth to be  
115 designated and bear the title “CITY OF AUSTIN, TEXAS, ELECTRIC UTILITY  
116 SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2015B” (hereinafter  
117 referred to as the “Bonds”), for the purpose of refinancing and refunding the Refunded  
118 Obligations, and paying costs of issuance, in conformity with the Constitution and laws  
119 of the State of Texas, including Texas Government Code, Chapter 1207.

120 **SECTION 3: FULLY REGISTERED OBLIGATIONS; AUTHORIZED**  
121 **DENOMINATIONS; STATED MATURITIES; DATE.** The Bonds shall be issued as  
122 fully registered obligations, without coupons, shall be dated as provided in the Pricing  
123 Certificate (the “Bond Date”) and, other than the single fully registered Initial Bond  
124 referenced in Section 9, shall be in denominations of \$5,000 or any integral multiple  
125 thereof (within a Stated Maturity), shall be numbered consecutively from One (1) upward  
126 and shall become due and payable on May 15 and/or November 15 in each of the years  
127 and in principal amounts (the “Stated Maturities”) and bear interest at the rate(s) per  
128 annum in accordance with the details of the Bonds as set forth in the Pricing Certificate.

129 The Bonds shall bear interest on the unpaid principal amounts from the date and at  
130 the rate(s) per annum as specified in the Pricing Certificate (calculated on the basis of a  
131 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on May  
132 15 and November 15 in each year, commencing on the date specified in the Pricing  
133 Certificate, until maturity or prior redemption.

134 **SECTION 4: DELEGATION OF AUTHORITY TO PRICING OFFICER.**

135 (a) As authorized by Section 1207.007, Texas Government Code, the City  
136 Manager or Chief Financial Officer of the City (either one of them, the “Pricing Officer”)  
137 is authorized to act on behalf of the City in selling and delivering the Bonds and carrying  
138 out the other procedures specified in the Fourteenth Supplement, including selection of  
139 the principal amount of the Refunded Notes to be refunded, the specified maturities or  
140 series in whole or in part of the Refunded Bonds to be refunded determining the  
141 aggregate principal amount of the Bonds, the date of the Bonds, any additional or  
142 different designation or title by which the Bonds shall be known, the price at which the  
143 Bonds will be sold, the years in which the Bonds will mature, the principal amount to  
144 mature in each of such years, the rate of interest to be borne by each such maturity, the

145 first interest payment date, the price and terms upon and at which the Bonds shall be  
146 subject to redemption prior to maturity at the option of the City, as well as any mandatory  
147 sinking fund redemption provisions, the designation of a paying agent/registrar, if  
148 different from the Paying Agent/Registrar, and all other matters relating to the issuance,  
149 sale, and delivery of the Bonds all of which shall be specified in the Pricing Certificate,  
150 provided that:

151 (i) the aggregate original principal amount of the Bonds shall not exceed  
152 \$\_\_\_\_\_;

153 (ii) the true interest cost rate for the Bonds shall not exceed \_\_\_\_%; and

154 (iii) with respect to the Bonds issued to refund the Refunded Bonds, the  
155 refunding must produce a net present value debt service savings of at least \_\_\_\_%, net  
156 of any contribution by the City; and

157 (iv) the maximum maturity for the Bonds shall not extend beyond November 15,  
158 20\_\_\_\_\_.

159 The execution of the Pricing Certificate shall evidence the sale date of the Bonds  
160 by the City to the Purchasers (defined in (b) of this Section).

161 (b) In establishing the aggregate principal amount of the Bonds, the Pricing  
162 Officer shall establish an amount not exceeding the amount authorized in Subsection  
163 (a)(i) above, which shall be sufficient in amount to provide for the purposes for which the  
164 Bonds are authorized and to pay costs of issuing the Bonds. This delegation shall expire  
165 if not exercised by the Pricing Officer within 180 days of the date hereof. The Bonds  
166 shall be sold by negotiated sale to the underwriter(s) named in the Pricing Certificate (the  
167 "Purchasers"), at such price and with and subject to such terms as set forth in the Pricing  
168 Certificate. A finding or determination made by the Pricing Officer acting under  
169 authority of this Ordinance with respect to all matters relating to the sale of the Bonds  
170 and the refunding of the Refunded Obligations shall have the same force and effect as a  
171 finding or determination made by the City Council of the City.

172 **SECTION 5: TERMS OF PAYMENT; PAYING AGENT/ REGISTRAR.** The  
173 principal of, premium, if any, and the interest on the Bonds, due and payable by reason of  
174 maturity, redemption or otherwise, shall be payable only to the Holders appearing on the  
175 registration and transfer books maintained by the Paying Agent/Registrar and the  
176 payment shall be in any coin or currency of the United States of America, which at the  
177 time of payment is legal tender for the payment of public and private debts, and shall be  
178 without exchange or collection charges to the Holders.

179 The selection and appointment of \_\_\_\_\_, to serve as  
180 Paying Agent/Registrar for the Bonds is approved and confirmed. Books and records

181 relating to the registration, payment, exchange and transfer of the Bonds (the “Security  
182 Register”) shall at all times be kept and maintained on behalf of the City by the Paying  
183 Agent/Registrar, all as provided in the Fourteenth Supplement, in accordance with the  
184 terms and provisions of a “Paying Agent/Registrar Agreement,” substantially in the form  
185 attached as **Exhibit A**, and such reasonable rules and regulations as the Paying  
186 Agent/Registrar and the City may prescribe. The Pricing Officer is authorized to execute  
187 and deliver such Agreement in connection with the delivery of the Bonds. The City  
188 covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds  
189 are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust  
190 company, financial institution or other entity qualified and authorized to serve in the  
191 capacity and perform the duties and services of Paying Agent/Registrar. Upon any  
192 change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a  
193 written notice of the change to be sent to each Holder by United States Mail, first class  
194 postage prepaid, which notice shall also give the address of the new Paying  
195 Agent/Registrar.

196 Principal of and premium, if any, on the Bonds shall be payable at the Stated  
197 Maturities or redemption of the Bonds, only upon presentation and surrender of the  
198 Bonds to the Paying Agent/Registrar at its designated offices in \_\_\_\_\_  
199 \_\_\_\_\_ (the “Designated Payment/Transfer Office”). Interest on the Bonds  
200 shall be paid to the Holders whose names appear in the Security Register at the close of  
201 business on the Record Date (the last business day of the month next preceding each  
202 interest payment date), and such interest shall be paid by the Paying Agent/Registrar (i)  
203 by check sent United States Mail, first class postage prepaid, to the address of the Holder  
204 recorded in the Security Register or (ii) by such other method, acceptable to the Paying  
205 Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for  
206 the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a  
207 legal holiday, or a day when banking institutions in the city where the Designated  
208 Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law  
209 or executive order to close, then the date for such payment shall be the next succeeding  
210 day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions  
211 are authorized to close; and payment on such date shall have the same force and effect as  
212 if made on the original date payment was due.

213 In the event of a non-payment of interest on one or more maturities on a scheduled  
214 payment date, and for thirty (30) days thereafter, a new record date for such interest  
215 payment for such maturity or maturities (a “Special Record Date”) will be established by  
216 the Paying Agent/Registrar, if and when funds for the payment of such interest have been  
217 received from the City. Notice of the Special Record Date and of the scheduled payment  
218 date of the past due interest (which shall be 15 days after the Special Record Date) shall  
219 be sent at least five (5) business days prior to the Special Record Date by United States  
220 Mail, first class postage prepaid, to the address of each Holder of such maturity or

221 maturities appearing on the Security Register at the close of business on the last business  
222 day next preceding the date of mailing of such notice.

223 **SECTION 6: REGISTRATION, TRANSFER, EXCHANGE OF BONDS;**  
224 **PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and  
225 maintain in the Security Register the name and address of each registered owner of the  
226 Bonds issued under and pursuant to the provisions of the Fourteenth Supplement. Any  
227 Bond may, in accordance with its terms and the terms of the Fourteenth Supplement, be  
228 transferred or exchanged for Bonds of other authorized denominations upon the Security  
229 Register by the Holder, in person or by the authorized agent of such person, upon  
230 surrender of the Bond to the Paying Agent/Registrar for cancellation, accompanied by a  
231 written instrument of transfer or request for exchange executed by the Holder or by the  
232 authorized agent of such person, in form satisfactory to the Paying Agent/Registrar.

233 Upon surrender for transfer of any Bond (other than the Initial Bond(s) authorized  
234 in Section 9 of the Fourteenth Supplement) at the Designated Payment/Transfer Office of  
235 the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the  
236 name of the designated transferee or transferees, one or more new Bonds, executed on  
237 behalf of, and furnished by, the City of authorized denominations and having the same  
238 Stated Maturity and of a like aggregate principal amount as the Bond or Bonds  
239 surrendered for transfer.

240 At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in  
241 Section 9 of the Fourteenth Supplement) may be exchanged for other Bonds of  
242 authorized denominations and having the same Stated Maturity, bearing the same rate of  
243 interest and of like aggregate principal amount as the Bonds surrendered for exchange,  
244 upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office.  
245 Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall  
246 register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the  
247 Holder requesting the exchange.

248 All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the  
249 Designated Payment/Transfer Office, or sent by United States Mail, first class postage  
250 prepaid, to the Holder and, upon the delivery of such Bonds, the same shall be valid  
251 obligations of the City, evidencing the same obligation to pay, and entitled to the same  
252 benefits under the Fourteenth Supplement, as the Bonds surrendered in the transfer or  
253 exchange.

254 All transfers or exchanges of Bonds shall be made without expense or service  
255 charge to the Holder, except as otherwise provided in the Fourteenth Supplement, except  
256 that the Paying Agent/Registrar shall require payment by the Holder requesting the  
257 transfer or exchange of any tax or other governmental charges required to be paid with  
258 respect to the transfer or exchange.

259 Bonds canceled by reason of an exchange or transfer pursuant to the provisions of  
260 the Fourteenth Supplement are defined to be “Predecessor Bonds,” evidencing all or a  
261 portion, as the case may be, of the same obligation to pay evidenced by the Bond or  
262 Bonds registered and delivered in the exchange or transfer. Additionally, the term  
263 “Predecessor Bonds” shall include any mutilated, lost, destroyed, or stolen Bond for  
264 which a replacement Bond has been issued, registered and delivered in lieu of a  
265 mutilated, lost, destroyed or stolen Bond pursuant to Section 18 of the Fourteenth  
266 Supplement and such new replacement Bond shall be considered to evidence the same  
267 obligation as the mutilated, lost, destroyed, or stolen Bond.

268 Neither the City nor the Paying Agent/Registrar shall be required to transfer or  
269 exchange any Bond called for redemption, in whole or in part, within 45 days of the date  
270 fixed for redemption of such Bond; provided, however, such limitation of transfer shall  
271 not be applicable to an exchange by the Holder of the unredeemed balance of a Bond  
272 called for redemption in part.

273 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANS-ACTIONS.**  
274 Notwithstanding the provisions contained in Sections 5 and 6 of the Fourteenth  
275 Supplement relating to the payment and transfer/exchange of the Bonds, the City  
276 approves and authorizes the use of “Book-Entry-Only” securities clearance, settlement  
277 and transfer system provided by The Depository Trust Company (DTC), a limited  
278 purpose trust company organized under the laws of the State of New York, in accordance  
279 with the operational arrangements referenced in the Blanket Issuer Letter of  
280 Representations, by and between the City and DTC (the “Depository Agreement”).

281 Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be  
282 deposited with DTC who shall hold said Bonds for its participants (the “DTC  
283 Participants”). While the Bonds are held by DTC under the Depository Agreement, the  
284 Holder of the Bonds on the Security Register for all purposes, including payment and  
285 notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each  
286 actual purchaser or owner of each Bond (the “Beneficial Owners”) being recorded in the  
287 records of DTC and DTC Participants.

288 In the event DTC determines to discontinue serving as securities depository for the  
289 Bonds or otherwise ceases to provide book entry clearance and settlement of securities  
290 transactions in general or the City determines that DTC is incapable of properly  
291 discharging its duties as securities depository for the Bonds, the City covenants and  
292 agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and  
293 provide for the Bond certificates to be issued and delivered to DTC Participants and  
294 Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be  
295 assigned, transferred and exchanged on the Security Register maintained by the Paying  
296 Agent/Registrar and payment of such Bonds shall be made in accordance with the  
297 provisions of Sections 5 and 6 of the Fourteenth Supplement.

298           **SECTION 8: EXECUTION; REGISTRATION.** The Bonds shall be executed  
299 on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or  
300 impressed thereon and countersigned by the City Clerk. The signature of said officers on  
301 the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures  
302 of individuals who are or were the proper officers of the City on the date of adoption of  
303 the Fourteenth Supplement shall be deemed to be executed on behalf of the City,  
304 notwithstanding that such individuals or either of them shall cease to hold such offices at  
305 the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds  
306 delivered in subsequent exchanges and transfers, all as authorized and provided in Texas  
307 Government Code, Chapter 1201.

308           No Bond shall be entitled to any right or benefit under the Fourteenth Supplement,  
309 or be valid or obligatory for any purpose, unless there appears on such Bond either a  
310 certificate of registration substantially in the form provided in Section 10(c), manually  
311 executed by the Comptroller of Public Accounts of the State of Texas or his or her  
312 authorized agent, or a certificate of registration substantially in the form provided in  
313 Section 10(d), manually executed by an authorized officer, employee or representative of  
314 the Paying Agent/Registrar, and either such certificate upon any Bond signed shall be  
315 conclusive evidence, and the only evidence, that such Bond has been certified, registered  
316 and delivered.

317           **SECTION 9: INITIAL BOND(S).** The Bonds shall be initially issued either (i) as  
318 a single fully registered bond in the total principal amount specified in the Pricing  
319 Certificate with principal installments to become due and payable as provided in the  
320 Pricing Certificate and numbered T-1, or (ii) as multiple fully registered bonds, being one  
321 bond for each stated maturity in the applicable principal amount and denomination and to  
322 be numbered consecutively from T-1 and upward (the “Initial Bond(s)”). In either case,  
323 the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or their  
324 designee. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney  
325 General of the State of Texas for approval, certified and registered by the Office of the  
326 Comptroller of Public Accounts of the State of Texas and delivered to the initial  
327 purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying  
328 Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or their  
329 designee, shall cancel the Initial Bond(s) delivered and exchange for the Initial Bond(s)  
330 definitive Bonds of authorized denominations, Stated Maturities, principal amounts and  
331 bearing applicable interest rates for transfer and delivery to the Holders named at the  
332 addresses identified for the Holders; all pursuant to and in accordance with such written  
333 instructions from the initial purchaser(s), or their designee, and such other information  
334 and documentation as the Paying Agent/Registrar may reasonably require.

335           **SECTION 10: FORMS.**

336 (a) Forms Generally. The Bonds, the Registration Certificate of the  
337 Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and  
338 the form of Assignment to be printed on each of the Bonds, shall be substantially in the  
339 forms set forth in this Section with such appropriate insertions, omissions, substitutions,  
340 and other variations as are permitted or required by the Fourteenth Supplement and the  
341 Pricing Certificate and may have such letters, numbers, or other marks of identification  
342 (including identifying numbers and letters of the Committee on Uniform Securities  
343 Identification Procedures of the American Bankers Association) and such legends and  
344 endorsements (including insurance legends if the Bonds, or any maturities of the Bonds,  
345 are purchased with insurance and any reproduction of an opinion of counsel) on such  
346 Bonds as may, consistently with the provisions of the Fourteenth Supplement, be  
347 established by the City or determined by the Pricing Officer or officers executing such  
348 Bonds as evidenced by their execution of such Bonds. The Pricing Certificate shall set  
349 forth the final and controlling terms of the Bonds. Any portion of the text of any Bonds  
350 may be set forth on the reverse of the Bond, with an appropriate reference on the face of  
351 the Bond.

352 The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, or  
353 engraved, typewritten, photocopied or otherwise reproduced in any other similar manner,  
354 all as determined by the officers executing the Bonds as evidenced by their execution of  
355 the Bonds.

356 (b) Form of Definitive Bond.

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

357 UNITED STATES OF AMERICA  
358 STATE OF TEXAS  
359 CITY OF AUSTIN, TEXAS,  
360 ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,  
361 TAXABLE SERIES 2015B

Bond Date: \_\_\_\_\_ Interest Rate: \_\_\_\_\_ Stated Maturity: \_\_\_\_\_ CUSIP NO: \_\_\_\_\_  
\_\_\_\_\_, 2015 \_\_\_\_\_

Registered Owner:

Principal Amount: \_\_\_\_\_ DOLLARS

362 The City of Austin (the "City"), a body corporate and municipal corporation in the  
363 Counties of Travis, Williamson and Hays, State of Texas, for value received, promises to  
364 pay to the registered owner named above, or their registered assigns (the "Registered

365 Owner”), solely from the revenues identified in this Bond, on the Stated Maturity date  
366 shown above the Principal Amount stated above (or so much of the Principal Amount as  
367 shall not have been paid upon prior redemption), and to pay interest (computed on the  
368 basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount of this  
369 Bond from the interest payment date next preceding the “Registration Date” of this Bond  
370 appearing below (unless this Bond bears a “Registration Date” as of an interest payment  
371 date, in which case it shall bear interest from such date, or unless the “Registration Date”  
372 of this Bond is prior to the initial interest payment date, in which case it shall bear interest  
373 from the \_\_\_\_\_) at the per annum rate of interest specified above; such interest  
374 being payable on May 15 and November 15 of each year,  
375 commencing\_\_\_\_\_. Principal of this Bond is payable at its Stated  
376 Maturity or redemption to the Registered Owner, upon presentation and surrender, at the  
377 Designated Payment/Transfer Office of the Paying Agent/Registrar executing the  
378 registration certificate appearing on this Bond, or its successor; provided, however, while  
379 this Bond is registered to Cede & Co., the payment of principal upon a partial redemption  
380 of the principal amount of this Bond may be accomplished without presentation and  
381 surrender of this Bond. Interest is payable to the registered owner of this Bond (or one or  
382 more Predecessor Bonds, as defined in the Fourteenth Supplement) whose name appears  
383 on the “Security Register” maintained by the Paying Agent/Registrar at the close of  
384 business on the “Record Date”, which is the last business day of the month next  
385 preceding each interest payment date and interest shall be paid by the Paying  
386 Agent/Registrar by check sent United States Mail, first class postage prepaid, to the  
387 address of the registered owner recorded in the Security Register or by such other  
388 method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and  
389 expense of, the registered owner. If the date for the payment of the principal of or  
390 interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking  
391 institutions in the city where the Designated Payment/Transfer Office of the Paying  
392 Agent/Registrar is located are authorized by law or executive order to close, then the date  
393 for such payment shall be the next succeeding day which is not such a Saturday, Sunday,  
394 legal holiday, or day when banking institutions are authorized to close; and payment on  
395 such date shall have the same force and effect as if made on the original date payment  
396 was due. All payments of principal of, premium, if any, and interest on this Bond shall  
397 be without exchange or collection charges to the Registered Owner and in any coin or  
398 currency of the United States of America which at the time of payment is legal tender for  
399 the payment of public and private debts.

400 This Bond is one of the series specified in its title issued in the aggregate principal  
401 amount of \$\_\_\_\_\_ (“Bonds”) for the purpose of refinancing and refunding the  
402 Refunded Notes and the Refunded Bonds (identified and defined in the Fourteenth  
403 Supplement) and paying costs of issuance, in conformity with the Constitution and laws  
404 of the State of Texas, including Texas Government Code, Chapter 1207, and pursuant to  
405 a Master Ordinance and Fourteenth Supplement adopted by the City Council of the City,

406 together with the Pricing Certificate executed pursuant thereto (collectively referred to as  
407 the “Ordinances”).

408 [The Bonds maturing on the dates identified below (the “Term Bonds”) are subject  
409 to mandatory redemption prior to maturity with funds on deposit in the Debt Service  
410 Fund established and maintained for the payment of such Bonds in the Ordinances, and  
411 shall be redeemed in part prior to maturity at the price of par and accrued interest on such  
412 Bonds to the date of redemption, and without premium, on the dates and in the principal  
413 amounts as follows:

<u>Term Bonds due</u> <u>Redemption Date</u>	<u>Principal Amount</u>	<u>Term Bonds due</u> <u>Redemption Date</u>	<u>Principal Amount</u>
15, 20	\$ ,000	15, 20	\$ ,000
15, 20*	\$ ,000	15, 20	\$ ,000
		15, 20*	\$ ,000

414 \*maturity

415 The particular Term Bonds of a stated maturity to be redeemed on each redemption  
416 date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the  
417 principal amount of Term Bonds for a stated maturity required to be redeemed on a  
418 mandatory redemption date may be reduced, at the option of the City, by the principal  
419 amount of Term Bonds of like stated maturity which, at least 50 days prior to the  
420 mandatory redemption date, (1) shall have been acquired by the City at a price not  
421 exceeding the principal amount of such Term Bonds plus accrued interest to the date of  
422 purchase, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have  
423 been redeemed pursuant to the optional redemption provisions appearing below and not  
424 previously credited against a mandatory redemption requirement.]

425 The Bonds maturing on and after \_\_\_\_\_15, 20\_\_\_, may be redeemed prior to  
426 their Stated Maturities, at the option of the City, in whole or in part in principal amounts  
427 of \$5,000 or any integral multiple of \$5,000 (and if within a Stated Maturity by lot by the  
428 Paying Agent/Registrar), on \_\_\_\_\_ 15, 20\_\_\_ or on any date thereafter at the  
429 redemption price of par plus accrued interest to the redemption date.

430 At least thirty days prior to the date fixed for any redemption of Bonds, the City  
431 shall cause a written notice of such redemption to be sent by United States Mail, first  
432 class postage prepaid, to the registered owners of each Bond to be redeemed at the  
433 address shown on the Security Register and subject to the terms and provisions contained  
434 in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called  
435 for redemption and notice of such redemption given, then upon such redemption date  
436 such Bond (or the portion of its principal sum to be redeemed) shall become due and  
437 payable, and interest thereon shall cease to accrue from and after said redemption date,

438 provided moneys for the payment of the redemption price and the interest on the principal  
439 amount to be redeemed to the date of redemption are held for the purpose of such  
440 payment by the Paying Agent/Registrar.

441 If a portion of the principal amount of a Bond is to be redeemed and the registered  
442 owner is someone other than Cede & Co., payment of the redemption price of such  
443 principal amount shall be made to the registered owner only upon presentation and  
444 surrender of such Bond to the Designated Payment/Transfer Office of the Paying  
445 Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any  
446 authorized denominations provided by the Ordinances for the then unredeemed balance  
447 of the principal sum of such Bond or Bonds will be issued to the registered owner,  
448 without charge. If a Bond is selected for redemption, in whole or in part, the City and the  
449 Paying Agent/Registrar shall not be required to transfer such Bond to an assignee of the  
450 registered owner within 45 days of such redemption date; provided, however, such  
451 limitation on transferability shall not be applicable to an exchange by the registered  
452 owner of the unredeemed balance of a Bond redeemed in part.

453

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454 With respect to any optional redemption of the Bonds, unless the Paying  
455 Agent/Registrar has received funds sufficient to pay the principal and premium, if any,  
456 and interest on the Bonds to be redeemed before giving of a notice of redemption, the  
457 notice may state the City may condition redemption on the receipt of such funds by the  
458 Paying Agent/Registrar on or before the date fixed for the redemption, or on the  
459 satisfaction of any other prerequisites set forth in the notice of redemption. If a  
460 conditional notice of redemption is given and such prerequisites to the redemption and  
461 sufficient funds are not received, the notice shall be of no force and effect, the City shall  
462 not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in  
463 which the notice of redemption was given, that the Bonds have not been redeemed.

464 The Bonds are special obligations of the City payable solely from and, together  
465 with the Series 2015A Bonds, the Previously Issued Electric Utility Obligations and Prior  
466 Subordinate Lien Obligations currently Outstanding, equally and ratably secured by a  
467 parity lien on and pledge of, the Net Revenues of the Electric Utility System in the  
468 manner provided in the Ordinances. Additionally, the Bonds and the Series 2015A  
469 Bonds, together with the Previously Issued Electric Utility Obligations, shall be secured  
470 by a lien on the funds, if any, deposited to the credit of the Debt Service Fund and  
471 Reserve Fund in accordance with the terms of the Ordinances. The Bonds do not  
472 constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of  
473 the City or the Electric Utility System, except with respect to the Net Revenues. The  
474 holder of this Bond shall never have the right to demand payment of this obligation out of  
475 any funds raised or to be raised by taxation.

476 Subject to satisfying the related terms and conditions, the City has reserved the  
477 right to issue additional revenue obligations payable from and equally and ratably secured  
478 by a parity lien on and pledge of the Net Revenues of the Electric Utility System, in the  
479 same manner and to the same extent as the Previously Issued Electric Utility Obligations,  
480 the Bonds and the Series 2015A Bonds.

481

482 Reference is made to the Ordinances, copies of which are on file with the Paying  
483 Agent/Registrar, and to all of the provisions of which the Holder by the acceptance of this  
484 Bond assents, for definitions of terms; the description of and the nature and extent of the  
485 security for the Bonds; the properties constituting the Electric Utility System; the Net  
486 Revenues pledged to the payment of the principal of and interest on the Bonds; the nature  
487 and extent and manner of enforcement of the lien and pledge securing the payment of the  
488 Bonds; the terms and conditions for the issuance of additional revenue obligations; the  
489 terms and conditions relating to the transfer or exchange of this Bond; the conditions  
490 upon which the Ordinances may be amended or supplemented with or without the  
491 consent of the Holders; the rights, duties, and obligations of the City and the Paying  
492 Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and  
493 covenants made in the Ordinances may be discharged at or prior to the maturity of this  
494 Bond, and this Bond deemed to be no longer Outstanding under the Ordinances; and for  
495 the other terms and provisions contained therein. Capitalized terms used in this Bond  
496 have the same meanings assigned in the Ordinances.

497 This Bond, subject to certain limitations contained in the Ordinances, may be  
498 transferred on the Security Register only upon its presentation and surrender at the  
499 Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment  
500 on this Bond endorsed by, or accompanied by a written instrument of transfer in form  
501 satisfactory to the Paying Agent/Registrar executed by, the Registered Owner, or the  
502 authorized agent of the Registered Owner. When a transfer on the Security Register  
503 occurs, one or more new fully registered Bonds of the same Stated Maturity, of  
504 authorized denominations, bearing the same rate of interest, and of the same aggregate  
505 principal amount will be issued by the Paying Agent/Registrar to the designated  
506 transferee or transferees.

507 The City and the Paying Agent/Registrar, and any agent of either, may treat the  
508 registered owner of this Bond whose name appears on the Security Register (i) on the  
509 Record Date as the owner entitled to payment of interest on this Bond, (ii) on the date of  
510 surrender of this Bond as the owner entitled to payment of principal of this Bond at its  
511 Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the  
512 owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any  
513 agent of either, shall be affected by notice to the contrary. In the event of non-payment  
514 of interest on a scheduled payment date and for thirty (30) days after such event, a new  
515 record date for such interest payment (a "Special Record Date") will be established by the  
516 Paying Agent/Registrar, if and when funds for the payment of such interest have been  
517 received from the City. Notice of the Special Record Date and of the scheduled payment  
518 date of the past due interest (which shall be 15 days after the Special Record Date) shall  
519 be sent at least five (5) business days prior to the Special Record Date by United States  
520 Mail, first class postage prepaid, to the address of each Holder appearing on the Security  
521 Register at the close of business on the last business day next preceding the date of  
522 mailing of such notice.

523 It is certified, recited, represented and covenanted that the City is an organized and  
524 legally existing municipal corporation under and by virtue of the Constitution and laws of  
525 the State of Texas; that the issuance of the Bonds is authorized by law; that all acts,  
526 conditions and things required to exist and be done precedent to and in the issuance of the  
527 Bonds to render the same lawful and valid obligations of the City have been properly  
528 done, have happened and have been performed in regular and due time, form and manner  
529 as required by the Constitution and laws of the State of Texas, and the Ordinances; that  
530 the Bonds do not exceed any constitutional or statutory limitation; and that due provision  
531 has been made for the payment of the Bonds by a pledge of the Net Revenues of the  
532 Electric Utility System. If any provision in this Bond or any application thereof shall be  
533 invalid, illegal, or unenforceable, the validity, legality, and enforceability of the  
534 remaining provisions and applications shall not in any way be affected or impaired by  
535 any such action. The terms and provisions of this Bond and the Ordinances shall be  
536 construed in accordance with and shall be governed by the laws of the State of Texas.

537 IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be  
538 executed under the official seal of the City.

539 CITY OF AUSTIN, TEXAS  
540  
541 \_\_\_\_\_  
542 Mayor

543 COUNTERSIGNED:  
544  
545 \_\_\_\_\_  
546 City Clerk

547 (SEAL)

548

549 (c) Form of Registration Certificate of Comptroller of Public Accounts to  
550 Appear on Initial Bond(s) only.

551 REGISTRATION CERTIFICATE OF  
552 COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER )  
OF PUBLIC ACCOUNTS ) REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS )

553 I HEREBY CERTIFY that this Bond has been examined, certified as to validity  
554 and approved by the Attorney General of the State of Texas, and registered by the  
555 Comptroller of Public Accounts of the State of Texas.

556 WITNESS my signature and seal of office this \_\_\_\_\_.

557 \_\_\_\_\_  
558 Comptroller of Public Accounts  
559 of the State of Texas

560 (SEAL)

561 (d) Form of Certificate of Paying Agent/Registrar to Appear on Definitive  
562 Bonds only.

563 REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

564 This Bond has been issued and registered in the name of the Registered Owner  
565 shown above under the provisions of the within mentioned Ordinances; the bond or  
566 bonds of the above entitled and designated series originally delivered having been  
567 approved by the Attorney General of the State of Texas and registered by the Comptroller  
568 of Public Accounts, as shown by the records of the Paying Agent/Registrar.

569 The designated offices of the Paying Agent/Registrar in \_\_\_\_\_  
570 is the Designated Payment/Transfer Office for this Bond.

571 Registration Date: \_\_\_\_\_,  
572 \_\_\_\_\_,  
573 as Paying Agent/Registrar

574 \_\_\_\_\_

575 By \_\_\_\_\_  
576 Authorized Signature

577  
578 (e) Form of Assignment.

579 ASSIGNMENT

580 FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto (Print  
581 or typewrite name, address, and zip code of  
582 transferee): \_\_\_\_\_  
583 \_\_\_\_\_ (Social  
584 Security or other identifying number: \_\_\_\_\_) the within Bond  
585 and all rights under this Bond, and irrevocably constitutes and  
586 appoints \_\_\_\_\_ attorney to transfer the within Bond on the  
587 books kept for registration of the Bonds, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature guaranteed: \_\_\_\_\_

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

588 (f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of this  
589 Section, except that the form of a single fully registered Initial Bond shall be modified as  
590 follows:

REGISTERED  
NO. T-1

REGISTERED  
\$ \_\_\_\_\_

591 UNITED STATES OF AMERICA  
592 STATE OF TEXAS  
593 CITY OF AUSTIN, TEXAS,  
594 ELECTRIC UTILITY SYSTEM REVENUE REFUNDING BOND,  
595 TAXABLE SERIES 2015B

Bond Date:  
\_\_\_\_\_, 2015

Registered Owner:

Principal Amount:

596 The City of Austin (the "City"), a body corporate and municipal corporation in the  
597 Counties of Travis, Williamson and Hays, State of Texas, for value received, hereby  
598 promises to pay to the registered owner named above, or their registered assigns (the  
599 "Registered Owner"), solely from the revenues identified in this Bond, the Principal  
600 Amount above stated on \_\_\_\_\_ in each of the years and in principal  
601 installments in accordance with the following schedule:

STATED  
MATURITY

PRINCIPAL  
INSTALLMENTS

INTEREST  
RATE

(Information to be inserted from schedule in the Pricing Certificate).

602 (or so much thereof as shall not have been redeemed prior to maturity) and to pay  
603 interest, computed on the basis of a 360-day year of twelve 30-day months, on the unpaid  
604 principal amounts of this Bond from the \_\_\_\_\_ at the per annum rates of  
605 interest specified above; such interest being payable on May 15 and November 15 in each  
606 year, commencing \_\_\_\_\_. Principal installments of this Bond are payable in  
607 the \_\_\_\_\_ year of maturity to the Registered Owner  
608 \_\_\_\_\_ (the "Paying Agent/Registrar"), upon  
609 presentation and surrender, at its designated offices in \_\_\_\_\_ (the  
610 "Designated Payment/Transfer Office"). Interest is payable to the registered owner of  
611 this Bond whose name appears on the "Security Register" maintained by the Paying  
612 Agent/Registrar at the close of business on the "Record Date", which is the last business  
613 day of the month next preceding each interest payment date and interest shall be paid by  
614 the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid,  
615 to the address of registered owner recorded in the Security Register or by such other  
616 method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and  
617 expense of, the registered owner. If the date for the payment of the principal of or  
618 interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking  
619 institutions in the city where the Designated Payment/Transfer Office of the Paying  
620 Agent/ Registrar is located are authorized by law or executive order to close, then the  
621 date for such payment shall be the next succeeding day which is not such a Saturday,  
622 Sunday, legal holiday, or day when banking institutions are authorized to close; and  
623 payment on such date shall have the same force and effect as if made on the original date  
624 payment was due. All payments of principal of, premium, if any, and interest on this  
625 Bond shall be without exchange or collection charges to the owner hereof and in any coin  
626 or currency of the United States of America which at the time of payment is legal tender  
627 for the payment of public and private debts.

628 **SECTION 11: CRITERIA FOR ISSUANCE OF PARITY ELECTRIC**  
629 **UTILITY OBLIGATIONS.** The City has provided certain criteria and established  
630 certain covenants and agreements in relation to the issuance of Parity Electric Utility  
631 Obligations of the Electric Utility System pursuant to the Master Ordinance. The  
632 Fourteenth Supplement provides for the authorization, issuance, sale, delivery, form,  
633 characteristics, provisions of payment and redemption, and security of the Bonds which  
634 are a series of Parity Electric Utility Obligations. The Master Ordinance is incorporated  
635 by reference and made a part of the Fourteenth Supplement for all purposes, except to the  
636 extent modified and supplemented by the Prior Supplements and the Fourteenth  
637 Supplement, and the Bonds are Parity Electric Utility Obligations under the Master  
638 Ordinance and the Prior Supplements. The City determines that it will have sufficient

639 funds to meet the financial obligations of the Electric Utility System, including sufficient  
640 Net Revenues to pay the Annual Debt Service Requirements of the Bonds and the Series  
641 2015A Bonds and to meet all financial obligations of the City relating to the Electric  
642 Utility System.

643         **SECTION 12: PLEDGE.** Subject to the prior claim on and lien on the Net  
644 Revenues of the Electric Utility System to the payment and security of the Prior First  
645 Lien Obligations currently Outstanding, including the funding and maintenance of the  
646 special funds established and maintained for the payment and security of such Prior First  
647 Lien Obligations, the Net Revenues of the Electric Utility System are pledged to the  
648 payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien  
649 Obligations, the Series 2015A Bonds and the Previously Issued Electric Utility  
650 Obligations currently Outstanding, shall be equally and ratably secured by a parity lien on  
651 and pledge of the Net Revenues of the Electric Utility System in accordance with the  
652 terms of the Master Ordinance and the Fourteenth Supplement. Additionally, the Bonds,  
653 the Series 2015A Bonds and the Previously Issued Electric Utility Obligations shall be  
654 secured by a lien on the funds, if any, deposited to the credit of the Debt Service Fund  
655 and the Reserve Fund in accordance with and to the extent required by the terms of the  
656 Master Ordinance, the Prior Supplements and the Fourteenth Supplement. The Bonds are  
657 and will be secured by and payable only from the Net Revenues of the Electric Utility  
658 System, and are not secured by or payable from a mortgage or deed of trust on any  
659 properties, whether real, personal, or mixed, of the Electric Utility System. It is ordained  
660 that the Parity Electric Utility Obligations, and the interest thereon, shall constitute a lien  
661 on the Net Revenues of the Electric Utility System and be valid and binding and fully  
662 perfected from and after the date of adoption of the Fourteenth Supplement without  
663 physical delivery or transfer or transfer of control of the Net Revenues, the filing of the  
664 Fourteenth Supplement or any other act; all as provided in Texas Government Code,  
665 Chapter 1208. The owners of the Parity Electric Utility Obligations shall never have the  
666 right to demand payment out of funds raised or to be raised by taxation, or from any  
667 source other than specified in the Master Ordinance, the Prior Supplements and the  
668 Fourteenth Supplement.

669         Texas Government Code, Chapter 1208, applies to the issuance of the Bonds and  
670 the pledge of the Net Revenues of the Electric Utility System granted by the City under  
671 this Section 12, and such pledge is valid, effective and perfected. If Texas law is  
672 amended at any time while the Bonds are Outstanding such that the pledge of the Net  
673 Revenues of the Electric Utility System granted by the City under this Section 12 is to be  
674 subject to the filing requirements of Texas Business & Commerce Code, Chapter 9, then  
675 to preserve to the Registered Owners the perfection of the security interest in said pledge,  
676 the City agrees to take such measures as it determines are reasonable and necessary under  
677 Texas law to comply with the applicable provisions of Texas Business & Commerce  
678 Code, Chapter 9, and enable a filing to perfect the security interest in said pledge to  
679 occur.

680           **SECTION 13: DEBT SERVICE FUND.** By reason of the issuance of the Bonds,  
681 the City need not establish any special accounts within the Debt Service Fund and  
682 following the delivery of the Bonds, the City agrees and covenants to cause to be  
683 deposited to the credit of the Debt Service Fund an amount equal to one hundred per cent  
684 (100%) of the amount required to fully pay the interest on and principal of the Bonds  
685 falling due on or before each maturity, mandatory redemption date and interest payment  
686 date, and such deposits shall be made in substantially equal monthly amounts on or  
687 before the 14th day of each month beginning on or before the 14th day of the month next  
688 following the month the Bonds are delivered to the initial purchaser.

689           The required monthly deposits to the Debt Service Fund for the payment of  
690 principal of and interest on the Bonds shall continue to be made in the manner provided  
691 in the Fourteenth Supplement until such time as (i) the total amount on deposit in the  
692 Debt Service Fund is equal to the amount required to fully pay and discharge all Parity  
693 Electric Utility Obligations then Outstanding or (ii) the Bonds are no longer outstanding,  
694 i.e., fully paid as to principal and interest or all the Bonds have been refunded.

695           Accrued interest, if any, received from the initial purchaser(s) of the Bonds shall be  
696 deposited in the Debt Service Fund, and shall be taken into consideration and reduce the  
697 amount of the monthly deposits that would otherwise be required to be deposited to the  
698 credit of such Debt Service Fund from the Net Revenues of the Electric Utility System.

699           **SECTION 14: RESERVE FUND.**

700           (a)    Establishment. A Reserve Fund shall not be required to be established or  
701 maintained by the City for the payment of the Parity Electric Utility Obligations so long  
702 as the “Pledged Net Revenues” of the System for a Fiscal Year (the Net Revenues of the  
703 System in a Fiscal Year remaining after deducting the amounts, if any, expended to pay  
704 the annual debt service requirements for Prior First Lien Obligations and Prior  
705 Subordinate Lien Obligations in such Fiscal Year) equal or exceed one hundred fifty per  
706 cent (150%) of the Annual Debt Service Requirements of the Parity Electric Utility  
707 Obligations due and payable in such Fiscal Year. If for any Fiscal Year such “Pledged  
708 Net Revenues” do not exceed 150% of the Annual Debt Service Requirements of the  
709 Parity Electric Utility Obligations, the City shall be obligated to establish and maintain on  
710 the books of the City a separate fund or account designated as the “Electric Utility  
711 System Revenue Obligation Reserve Fund” (the “Reserve Fund”). Upon being  
712 established and except as provided in subsection (f) below, the amount on deposit to the  
713 credit of the Reserve Fund shall be maintained for the benefit of the owners of the Parity  
714 Electric Utility Obligations. There shall be deposited into the Reserve Fund any Reserve  
715 Fund Obligations so designated by the City. The amounts deposited to the credit of the  
716 Reserve Fund shall be in a special fund maintained at an official depository of City.  
717 Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring  
718 the last of the Parity Electric Utility Obligations as they become due or paying principal

719 of and interest on the Parity Electric Utility Obligations when and to the extent the  
720 amounts in the Debt Service Fund are insufficient for such purpose.

721 When a Reserve Fund is required to be established as noted above and while the  
722 same is required to be maintained, the Required Reserve Amount to be accumulated and  
723 maintained in such Fund shall be determined and redetermined as follows:

724 (i) ten per cent (10%) of the Maximum Debt Service Requirement for all  
725 Parity Electric Utility Obligations then Outstanding if the Pledged Net Revenues  
726 for the previous Fiscal Year were less than 150% of the annual Debt Service  
727 Requirement for such Fiscal Year, but greater than or equal to 140% of the annual  
728 Debt Service Requirement for such Fiscal Year;

729 (ii) twenty per cent (20%) of the Maximum Debt Service Requirement for  
730 all Parity Electric Utility Obligations then Outstanding if the Pledged Net  
731 Revenues for the previous Fiscal Year were less than 140% of the annual Debt  
732 Service Requirement for such Fiscal Year, but greater than or equal to 130% of the  
733 annual Debt Service Requirement for such Fiscal Year;

734 (iii) thirty per cent (30%) of the Maximum Debt Service Requirement for  
735 all Parity Electric Utility Obligations then Outstanding if the Pledged Net  
736 Revenues for the previous Fiscal Year were less than 130% of the annual Debt  
737 Service Requirement for such Fiscal Year, but greater than or equal to 120% of the  
738 annual Debt Service Requirement for such Fiscal Year;

739 (iv) forty per cent (40%) of the Maximum Debt Service Requirement for  
740 all Parity Electric Utility Obligations then Outstanding if the Pledged Net  
741 Revenues for the previous Fiscal Year were less than 120% of the annual Debt  
742 Service Requirement for such Fiscal Year, but greater than or equal to 110% of the  
743 annual Debt Service Requirement for such Fiscal Year;

744 (v) fifty per cent (50%) of the Maximum Debt Service Requirement for  
745 all Parity Electric Utility Obligations then Outstanding if the Pledged Net  
746 Revenues for the previous Fiscal Year were less than 110% of the annual Debt  
747 Service Requirement for such Fiscal Year;

748 If at any time the City is required to fund the Required Reserve Amount, or to  
749 increase the Required Reserve Amount pursuant to a Supplement, the Required Reserve  
750 Amount or increase in the Required Reserve Amount, as applicable, may be funded in up  
751 to twelve (12) substantially equal consecutive monthly deposits commencing not later  
752 than the month following that receipt of audited financial statements for the System for  
753 the preceding Fiscal Year.

754 (b) Credit Facility. The City may initially fund the Reserve Fund or replace or  
755 substitute a Credit Facility for cash or Eligible Investments on deposit in the Reserve  
756 Fund or in substitution for or replacement of any existing Credit Facility. Upon such  
757 replacement or substitution, the cash or Eligible Investments on deposit in the Reserve  
758 Fund, taken together with the face amount of any existing Credit Facilities, in excess of  
759 the Required Reserve Amount may be withdrawn by the City, at its option, and  
760 transferred to the System Fund unless such excess was funded with the proceeds of sale  
761 of Parity Electric Utility Obligations in which case such excess shall be deposited to the  
762 credit of the Debt Service Fund; provided that the face amount of any Credit Facility  
763 may be reduced at the option of the City in lieu of such transfer.

764 (c) Priority of Draws. If the City is required to make a withdrawal from the  
765 Reserve Fund for any of the purposes described in this Section, the City shall promptly  
766 notify the issuer of such Credit Facility of the necessity for a withdrawal from the  
767 Reserve Fund for any such purposes, and shall make such withdrawal FIRST from  
768 available moneys and cash resulting from the sale or liquidation of Eligible Investments  
769 then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility  
770 to the extent of such deficiency.

771 In the event of a draw on a Credit Facility, the City shall reimburse the issuer of  
772 such Credit Facility for such draw, in accordance with the terms of any agreement  
773 pursuant to which the Credit Facility is issued, from Net Revenues, however, such  
774 reimbursement from Net Revenues shall be subject to the provisions of Section 14(d)  
775 below and shall be subordinate and junior in right of payment to the payment of principal  
776 of and premium, if any, and interest on the Parity Electric Utility Obligations.

777 (d) Reserve Amount Deficiency. In the event of a deficiency in the Reserve  
778 Fund, or in the event that on the date of termination or expiration of any Credit Facility  
779 there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an  
780 aggregate amount at least equal to the Required Reserve Amount, then the City shall,  
781 subject to satisfying or making provision for the uses having a priority on the Gross  
782 Revenues before any deposits for the payment and security of the Parity Electric Utility  
783 Obligations and after making required deposits to the Debt Service Fund in accordance  
784 with the terms of the Fourteenth Supplement and any Supplement, cause the aggregate  
785 Required Reserve Amount then required to be on deposit in the Reserve Fund to be fully  
786 restored within 12 months from the date such deficiency, termination or expiration  
787 occurred by (i) making substantially equal cash deposits to the Reserve Fund on or before  
788 the last day of each month from the available Net Revenues, (ii) depositing Eligible  
789 Investments or Credit Facility to the credit of the Reserve Fund or (iii) a combination of  
790 (i) and (ii).

791 (e) Excess Required Reserve. As Parity Electric Utility Obligations  
792 secured by the Reserve Fund are paid, redeemed or defeased and cease to be Outstanding

793 under the terms of the Ordinance or a Supplement, the Required Reserve Amount may be  
794 recalculated and redetermined, and any Reserve Fund Obligations on deposit in the  
795 Reserve Fund in excess of the Required Reserve Amount may be withdrawn and  
796 transferred, at the option of the City, to (i) the System Fund, if an amount equal to such  
797 excess was funded with Net Revenues, or (ii) the Debt Service Fund.

798 (f) Application to Commercial Paper/Credit Agreements. For the purpose of  
799 this Section, the Reserve Fund shall not secure Parity Electric Utility Obligations issued  
800 in the form of commercial paper, or any Credit Agreement issued in support of such  
801 Parity Electric Utility Obligations issued in the form of commercial paper, except as  
802 otherwise may be provided in any Supplement.

803 **SECTION 15: PAYMENT OF BONDS.** On or before the first scheduled interest  
804 payment date, and on or before each interest payment date and principal payment date  
805 thereafter while any of the Bonds are Outstanding, the City shall cause an amount to be  
806 transferred to the Paying Agent/Registrar in immediately available funds from the Debt  
807 Service Fund sufficient to pay such interest on and such principal amount of the Bonds,  
808 as shall become due on such dates, respectively, at maturity or by redemption prior to  
809 maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the City  
810 with an appropriate certificate of cancellation or destruction.

811 **SECTION 16: AMENDMENT OF FOURTEENTH SUPPLEMENT.**

812 (a) Required Owner Consent for Amendments. The owners of a majority in  
813 Outstanding Principal Amount of the Bonds shall have the right from time to time to  
814 approve any amendment to the Fourteenth Supplement which may be deemed necessary  
815 or desirable by the City; provided, however, nothing contained in the Fourteenth  
816 Supplement shall permit or be construed to permit the amendment of the terms and  
817 conditions in the Fourteenth Supplement so as to:

- 818 (1) Make any change in the maturity of any of the Outstanding Bonds;  
819 (2) Reduce the rate of interest borne by any of the Outstanding Bonds;  
820 (3) Reduce the amount of the principal payable on the Bonds;  
821 (4) Modify the terms of payment of principal of, premium, if any, or interest on  
822 the Outstanding Bonds or impose any conditions with respect to such payment;  
823 (5) Affect the rights of the owners of less than all of the Bonds then  
824 Outstanding;  
825 (6) Amend this subsection (a) of this Section; or  
826 (7) Change the minimum percentage of the principal amount of Bonds  
827 necessary for consent to any amendment;

828  
829 unless such amendment or amendments be approved by the owners of all of the  
830 Bonds affected by the change or amendment then Outstanding.

831 (b) Notice of Amendment Requiring Consent. If at any time the City shall  
832 desire to amend the Fourteenth Supplement under this Section, the City shall cause notice  
833 of the proposed amendment to be published in a financial newspaper or journal published  
834 in the City of New York, New York, and a newspaper of general circulation in the City,  
835 once during each calendar week for at least two successive calendar weeks. Such notice  
836 shall briefly set forth the nature of the proposed amendment and shall state that a copy is  
837 on file with the Paying Agent for the Bonds. Such publication is not required, however,  
838 if notice in writing is given by mail, first class postage prepaid, to each owner of the  
839 Bonds.

840 (c) Time Period for Obtaining Consent. If within one year from (i) the date of  
841 the first publication of said notice or (ii) the date of the mailing by the Paying Agent of  
842 written notice to the owners of the Bonds, whichever date first occurs if both methods of  
843 giving notice are used, the City shall receive an instrument or instruments executed by  
844 the owners of at least a majority in Outstanding Principal Amount of the Bonds  
845 consenting to and approving such amendment in substantially the form of the copy on  
846 file with each Paying Agent, the governing body of the City may pass the amendatory  
847 ordinance in substantially the same form.

848 (d) Revocation of Consent. Any consent given by the owner of a Bond  
849 pursuant to the provisions of this Section shall be irrevocable for a period of six months  
850 from the date for measuring the one year period to obtain consents noted in paragraph (c)  
851 above, and shall be conclusive and binding upon all future owners of the same Bonds  
852 during such period. At any time after six months from the date for measuring the one year  
853 period to obtain consents noted in paragraph (c) above, such consent may be revoked by  
854 the owner who gave such consent, or by a successor in title, by filing written notice of  
855 such revocation with the Paying Agent for such Bonds and the City, but such revocation  
856 shall not be effective if the owners of at least a majority in Outstanding Principal Amount  
857 of the then Outstanding Bonds as determined in accordance with this Section have, prior  
858 to the attempted revocation, consented to and approved the amendment.

859 (e) Implementation of Amendment. Upon the passage of any amendatory  
860 ordinance pursuant to the provisions of this Section, the Fourteenth Supplement shall be  
861 deemed to be amended, and the respective rights, duties and obligations of the City under  
862 the Fourteenth Supplement and all the owners of then Outstanding Bonds shall thereafter  
863 be determined, exercised and enforced hereunder, subject in all respects to such  
864 amendment.

865 (f) Amendment without Consent. The preceding provisions of this Section  
866 notwithstanding, the City by action of its governing body may amend the Fourteenth  
867 Supplement for any one or more of the following purposes:

868 (1) To vest the management and control of the Electric Utility  
869 System in an independent board of trustees or similar board pursuant to  
870 authority conferred by Texas Government Code, Section 1502.070 et seq. or  
871 other law now or hereafter enacted;

872 (2) To add to the covenants and agreements of the City in the  
873 Fourteenth Supplement contained, other covenants and agreements  
874 thereafter to be observed, grant additional rights or remedies to the owners  
875 of the Bonds or to surrender, restrict or limit any right or power in the  
876 Fourteenth Supplement reserved to or conferred upon the City;

877 (3) To make such provisions for the purpose of curing any  
878 ambiguity, or curing, correcting or supplementing any defective provision  
879 contained in the Fourteenth Supplement, or in regard to clarifying matters or  
880 questions arising under the Fourteenth Supplement, as are necessary or  
881 desirable and not contrary to or inconsistent with the Fourteenth Supplement  
882 and which shall not adversely affect the interests of the owners of the Bonds  
883 then outstanding;

884 (4) To modify any of the provisions of the Fourteenth Supplement  
885 in any other respect whatever, provided that such modification shall be, and  
886 be expressed to be, effective only after all the Bonds outstanding at the date  
887 of the adoption of such modification shall cease to be outstanding;

888 (5) To make such amendments to the Fourteenth Supplement as  
889 may be required, in the opinion of Bond Counsel, to ensure compliance with  
890 sections 103 and 141 through 150 of the Code and the regulations  
891 promulgated thereunder and applicable thereto;

892 (6) To make such changes, modifications or amendments as may  
893 be necessary or desirable to allow the owners of the Bonds to thereafter avail  
894 themselves of a book entry system for payments, transfers and other matters  
895 relating to the Bonds, which changes, modifications or amendments are not  
896 contrary to or inconsistent with other provisions of the Fourteenth  
897 Supplement and which shall not adversely affect the interests of the owners  
898 of the Bonds;

899 (7) To make such changes, modifications or amendments as may  
900 be necessary or desirable to obtain or maintain the granting of a rating on the  
901 Bonds by a Rating Agency or to obtain or maintain a Credit Agreement or a  
902 Credit Facility; and

903 (8) To make such changes, modifications or amendments as may  
904 be necessary or desirable, which shall not adversely affect the interests of the

905 owners of the Bonds, in order, to the extent permitted by law, to facilitate the  
906 economic and practical utilization of interest rate swap agreements, foreign  
907 currency exchange agreements, or similar types of agreements with respect  
908 to the Bonds. Notice of any such amendment may be published by the City  
909 in the manner described in clause (b) of this Section; provided, however, that  
910 the publication of such notice shall not constitute a condition precedent to  
911 the adoption of such amendatory ordinance and the failure to publish such  
912 notice shall not adversely affect the implementation of such amendment as  
913 adopted pursuant to such amendatory ordinance.

914 (g) Ownership. For the purpose of this Section, the ownership and other  
915 matters relating to all Bonds shall be established by the Security Register maintained by  
916 the Paying Agent. Furthermore, the owner of any Bonds insured as to the payment of  
917 principal of and interest shall be deemed to be the insurance company providing the  
918 insurance coverage on such Bonds; provided such amendment to the Fourteenth  
919 Supplement is an amendment that can be made with the consent of a majority in  
920 Outstanding Principal Amount of the Bonds and such insurance company is not in default  
921 with respect to its obligations under its insurance policy.

922 **SECTION 17: FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS.** All  
923 or any of the Bonds shall be deemed to be paid, retired and no longer outstanding within  
924 the meaning of the Fourteenth Supplement when payment of the principal of such Bonds,  
925 redemption premium, if any, on such Bonds, plus interest on the Bonds to the due date  
926 (whether such due date be by reason of maturity or otherwise) either (i) shall have been  
927 made or caused to be made in accordance with the terms thereof (including the giving of  
928 any required notice of redemption), or (ii) shall have been provided by irrevocably  
929 depositing with, or making available to, the Paying Agent/Registrar, in trust and  
930 irrevocably set aside exclusively for such payment, (1) money sufficient to make such  
931 payment or (2) Government Obligations, certified by an independent public accounting  
932 firm of national reputation, to mature as to principal and interest in such amounts and at  
933 such times as will insure the availability, without reinvestment, of sufficient money to  
934 make such payment, and all necessary and proper fees, compensation and expenses of the  
935 Paying Agent/Registrar with respect to which such deposit is made shall have been paid  
936 or the payment thereof provided for the satisfaction of the Paying Agent/Registrar. At  
937 such time as a Bond shall be deemed to be paid under the Fourteenth Supplement, as  
938 aforesaid, it shall no longer be secured by or entitled to the benefit of the Fourteenth  
939 Supplement, the Master Ordinance or a lien on and pledge of the Net Revenues of the  
940 Electric Utility System, and shall be entitled to payment solely from such money or  
941 Government Obligations.

942 Any moneys so deposited with the Paying Agent/Registrar, or an authorized  
943 escrow agent, may at the direction of the City also be invested in Government  
944 Obligations, maturing in the amounts and at the times as set forth in this Section, and all

945 income from all Government Obligations not required for the payment of the Bonds, and  
946 interest on the Bonds, with respect to which such money has been so deposited, shall be  
947 turned over to the City or deposited as directed by the City. The City covenants that no  
948 deposit will be made or accepted under clause (ii) of this Section and no use made of any  
949 such deposit which would cause the Bonds to be treated as arbitrage bonds within the  
950 meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

951 Notwithstanding any other provisions of the Fourteenth Supplement, all money or  
952 Government Obligations set aside and held in trust pursuant to the provisions of this  
953 Section for the payment of the Bonds, the redemption premium, if any, and interest on the  
954 Bonds, shall be applied to and used for the payment of such Bonds, the redemption  
955 premium, if any, and interest thereon and the income on such money or Government  
956 Obligations shall not be considered to be "Gross Revenues" under the Fourteenth  
957 Supplement.

958 **SECTION 18: DAMAGED, MUTILATED, LOST, STOLEN, OR**  
959 **DESTROYED BONDS.** If any Outstanding Bond is damaged, mutilated, lost, stolen, or  
960 destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered,  
961 a new bond of the same principal amount, maturity, and interest rate, as the damaged,  
962 mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner  
963 provided in this Section. An application for the replacement of damaged, mutilated, lost,  
964 stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar. In every case of  
965 loss, theft, or destruction of a Bond, the applicant for a replacement bond shall furnish to  
966 the City and to the Paying Agent/Registrar such security or indemnity as may be required  
967 by them to save each of them harmless from any loss or damage with respect thereto.  
968 Also, in every case of loss, theft, or destruction of a Bond, the applicant shall furnish to  
969 the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft,  
970 or destruction of such Bond, as the case may be. In every case of damage or mutilation  
971 of a Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the  
972 Bond so damaged or mutilated. Prior to the issuance of any replacement bond, the Paying  
973 Agent/Registrar shall charge the owner of such Bond with all legal, printing, and other  
974 expenses in connection therewith. Every replacement bond issued pursuant to the  
975 provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed  
976 shall constitute a contractual obligation of the City whether or not the lost, stolen, or  
977 destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be  
978 entitled to all the benefits of the Fourteenth Supplement equally and proportionately with  
979 any and all other Bonds issued under the Fourteenth Supplement.

980 Notwithstanding the preceding provisions of this Section, if any such Bond shall  
981 have matured, and no default has occurred which is then continuing in the payment of the  
982 principal of, redemption premium, if any, or interest on the Bond, the City may authorize  
983 the payment of the same (without surrender thereof except in the case of a damaged or  
984 mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is

985 furnished as above provided in this Section. Furthermore, in accordance with Texas  
986 Government Code, Section 1206.022, this Section shall constitute authority for the  
987 issuance of any such replacement bond without necessity of further action by the  
988 governing body of the City or any other body or person, and the duty of the replacement  
989 of such bonds is authorized and imposed upon the Paying Agent/Registrar, and the  
990 Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner  
991 and with the effect, as provided in Section 6 of the Fourteenth Supplement for Bonds  
992 issued in exchange for other Bonds.

993         **SECTION 19: FOURTEENTH SUPPLEMENT TO CONSTITUTE A**  
994 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds,  
995 the Fourteenth Supplement shall be deemed to be and shall constitute a contract between  
996 the City and the Holders from time to time of the Bonds and the pledge made in the  
997 Fourteenth Supplement by the City and the covenants and agreements set forth in the  
998 Fourteenth Supplement to be performed by the City shall be for the equal and  
999 proportionate benefit, security, and protection of all Holders, without preference, priority,  
1000 or distinction as to security or otherwise of any of the Bonds over any of the others by  
1001 reason of time of issuance, sale, or maturity thereof or otherwise for any cause  
1002 whatsoever, except as expressly provided in or permitted by the Fourteenth Supplement.

1003         **SECTION 20: CONTINUING DISCLOSURE UNDERTAKING.**

1004         (a)     Definitions. As used in this Section, the following terms have the meanings  
1005 ascribed to such terms below:

1006                 “MSRB” means the Municipal Securities Rulemaking Board.

1007                 “Rule” means SEC Rule 15c2-12, as amended from time to time.

1008                 “SEC” means the United States Securities and Exchange Commission.

1009         (b)     Annual Reports. The City shall provide annually to the MSRB (1) within  
1010 six months after the end of each fiscal year of the City beginning in the year stated in the  
1011 Pricing Certificate, financial information and operating data with respect to the City of  
1012 the general type included in the final Official Statement approved by the Pricing Officer  
1013 and described in the Pricing Certificate, and (2) if not provided as part such financial  
1014 information and operating data in item (1), audited financial statements of the City within  
1015 12 months after the end of each fiscal year beginning in the year stated in the Pricing  
1016 Certificate. If the audit of such financial statements is not complete within twelve (12)  
1017 months after any such fiscal year end, then the City shall file unaudited financial  
1018 statements within such twelve-month period and audited financial statements for the  
1019 applicable fiscal year, when and if the audit report on such statements becomes available.  
1020 Any financial statements to be provided shall be (i) prepared in accordance with the  
1021 accounting principles described in the Pricing Certificate or such other accounting

1022 principles as the City may be required to employ from time to time pursuant to state law  
1023 or regulation, and (ii) audited, if the City commissions an audit of such statements and  
1024 the audit is completed within the period during which they must be provided.

1025 If the City changes its fiscal year, it will notify the MSRB of the change (and of the  
1026 date of the new fiscal year end) prior to the next date by which the City otherwise would  
1027 be required to provide financial information and operating data pursuant to this Section.

1028 The financial information and operating data to be provided pursuant to this  
1029 Section may be set forth in full in one or more documents or may be included by specific  
1030 reference to any document available to the public on the MSRB's Internet Web site or  
1031 filed with the SEC.

1032 (c) *Notice of Certain Events.* The City shall provide notice of any of the  
1033 following events with respect to the Bonds to the MSRB in a timely manner and not more  
1034 than 10 Business Days after occurrence of the event:

- 1035 (1) Principal and interest payment delinquencies;
- 1036 (2) Non-payment related defaults, if material;
- 1037 (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 1038 (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- 1039 (5) Substitution of credit or liquidity providers, or their failure to perform;
- 1040 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of  
1041 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form  
1042 5701-TEB), or other material notices or determinations with respect to the tax status of  
1043 the Bonds, or other material events affecting the tax status of the Bonds;
- 1044 (7) Modifications to rights of holders of the Bonds, if material;
- 1045 (8) Bond calls, if material, and tender offers;
- 1046 (9) Defeasances;
- 1047 (10) Release, substitution, or sale of property securing repayment of the Bonds, if  
1048 material;
- 1049 (11) Rating changes;
- 1050 (12) Bankruptcy, insolvency, receivership, or similar event of the City, which  
1051 shall occur as described below;
- 1052 (13) The consummation of a merger, consolidation, or acquisition involving the  
1053 City or the sale of all or substantially all of its assets, other than in the ordinary course of  
1054 business, the entry into of a definitive agreement to undertake such an action or the  
1055 termination of a definitive agreement relating to any such actions, other than pursuant to  
1056 its terms, if material; and
- 1057 (14) Appointment of a successor or additional paying agent/registrar or the  
1058 change of name of a paying agent/registrar, if material.

1059  
1060 For these purposes, any event described in the immediately preceding paragraph 12

1061 is considered to occur when any of the following occur: the appointment of a receiver,  
1062 fiscal agent, or similar officer for the City in a proceeding under the United States  
1063 Bankruptcy Code or in any other proceeding under state or federal law in which a court  
1064 or governmental authority has assumed jurisdiction over substantially all of the assets or  
1065 business of the City, or if such jurisdiction has been assumed by leaving the existing  
1066 governing body and officials or officers in possession but subject to the supervision and  
1067 orders of a court or governmental authority, or the entry of an order confirming a plan of  
1068 reorganization, arrangement, or liquidation by a court or governmental authority having  
1069 supervision or jurisdiction over substantially all of the assets or business of the City.

1070 The City shall notify the MSRB, in a timely manner, of any failure by the City to  
1071 provide financial information or operating data in accordance with this Section by the  
1072 time required by this Section.

1073 (d) Filings with the MSRB. All financial information, operating data, financial  
1074 statements, notices, and other documents provided to the MSRB in accordance with this  
1075 Section shall be provided in an electronic format prescribed by the MSRB and shall be  
1076 accompanied by identifying information as prescribed by the MSRB.

1077 (e) Limitations, Disclaimers, and Amendments. The City shall be obligated to  
1078 observe and perform the covenants specified in this Section with respect to the City and  
1079 the Bonds while, but only while, the City remains an “obligated person” with respect to  
1080 the Bonds within the meaning of the Rule, except that the City in any event will give the  
1081 notice required by subsection (c) of this Section of any Bond calls and defeasance that  
1082 cause the City to be no longer such an “obligated person.”

1083 The provisions of this Section are for the sole benefit of the Holders and beneficial  
1084 owners of the Bonds, and nothing in this Section, express or implied, shall give any  
1085 benefit or any legal or equitable right, remedy, or claim to any other person. The City  
1086 undertakes to provide only the financial information, operating data, financial statements,  
1087 and notices which it has expressly agreed to provide pursuant to this Section and does not  
1088 undertake to provide any other information that may be relevant or material to a complete  
1089 presentation of the financial results, condition, or prospects of the City or the State of  
1090 Texas or undertake to update any information provided in accordance with this Section or  
1091 otherwise, except as expressly provided in this Section. The City does not make any  
1092 representation or warranty concerning such information or its usefulness to a decision to  
1093 invest in or sell Bonds at any future date.

1094 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE  
1095 HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN  
1096 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART  
1097 FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT  
1098 FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT

1099 EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR  
1100 TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO  
1101 AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

1102 No default by the City in observing or performing its obligations under this Section  
1103 shall constitute a breach of or default under this Ordinance for purposes of any other  
1104 provision of this Ordinance.

1105 Nothing in this Section is intended or shall act to disclaim, waive, or otherwise  
1106 limit the duties of the City under federal and state securities laws.

1107 Notwithstanding any provisions in this Ordinance to the contrary, the provisions of  
1108 this Section may be amended by the City from time to time to adapt to changed  
1109 circumstances resulting from a change in legal requirements, a change in law, or a change  
1110 in the identity, nature, status, or type of operations of the City, but only if (1) the  
1111 provisions of this Section, as so amended, would have permitted an underwriter to  
1112 purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule,  
1113 taking into account any amendments or interpretations of the Rule to the date of such  
1114 amendment, as well as such changed circumstances, and (2) either (a) the Holders of a  
1115 majority in aggregate principal amount (or any greater amount required by any other  
1116 provision of this Ordinance that authorizes such an amendment) of the Outstanding  
1117 Bonds consent to such amendment or (b) a Person that is unaffiliated with the City and  
1118 the State of Texas (such as nationally recognized bond counsel) determines that such  
1119 amendment will not materially impair the interests of the Holders and beneficial owners  
1120 of the Bonds. The provisions of this Section may also be amended from time to time or  
1121 repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or  
1122 a court of final jurisdiction determines that such provisions are invalid, but only if and to  
1123 the extent that reservation of the City's right to do so would not prevent underwriters of  
1124 the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such  
1125 offering. If the City so amends the provisions of this Section, it shall include with any  
1126 amended financial information or operating data next provided in accordance with  
1127 subsection (b) an explanation, in narrative form, of the reasons for the amendment and of  
1128 the impact of any change in the type of financial information or operating data so  
1129 provided.

1130 **SECTION 21: REMEDY IN EVENT OF DEFAULT.** In addition to all rights  
1131 and remedies provided by the laws of the State of Texas, the City covenants and agrees  
1132 particularly that if the City (a) defaults in payments to be made to the Debt Service Fund  
1133 as required by the Fourteenth Supplement or the Master Ordinance, (b) defaults in the  
1134 observance or performance of any other of the covenants, conditions or obligations set  
1135 forth in the Fourteenth Supplement or the Master Ordinance or (c) the City declares  
1136 bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of mandamus  
1137 issued by a court of proper jurisdiction, compelling and requiring the City and its officers

1138 to observe and perform any covenant, condition or obligation prescribed in the  
1139 Fourteenth Supplement or the Master Ordinance. No delay or omission to exercise any  
1140 right or power accruing upon any default shall impair any such right or power, or shall be  
1141 construed to be a waiver of any such default or acquiescence therein, and every such right  
1142 and power may be exercised from time to time and as often as may be deemed expedient.

1143 The specific remedy provided in this Section shall be cumulative of all other  
1144 existing remedies and the specification of such remedy shall not be deemed to be  
1145 exclusive.

1146 **SECTION 22: SALE OF BONDS; OFFICIAL STATEMENT APPROVAL.**

1147 The Bonds are to be sold by the City to the Purchasers in accordance with a bond  
1148 purchase agreement (the "Purchase Contract"), the terms and provisions of which  
1149 Purchase Contract are to be determined by the Pricing Officer, in accordance with  
1150 Section 4 of this Fourteenth Supplement. With regard to such terms and provisions of  
1151 said Purchase Contract, the Pricing Officer may come to an agreement with the  
1152 Purchasers on the following, among other matters:

- 1153 (1) The details of the purchase and sale of the Bonds;
- 1154 (2) The details of the public offering of the Bonds by the Purchasers;
- 1155 (3) The details of an Official Statement (and, if appropriate, any Preliminary  
1156 Official Statement) relating to the Bonds and the City's Rule 15c2-12 compliance;
- 1157 (4) A security deposit for the Bonds;
- 1158 (5) The representations and warranties of the City to the Purchasers;.
- 1159 (6) The details of the delivery of, and payment for, the Bonds;
- 1160 (7) The Purchasers' obligations under the Purchase Contract;
- 1161 (8) The certain conditions to the obligations of the City under the Purchase  
1162 Contract;
- 1163 (9) Termination of the Purchase Contract;
- 1164 (10) Particular covenants of the City;
- 1165 (11) The survival of representations made in the Purchase Contract;
- 1166 (12) The payment of any expenses relating to the Purchase Contract;
- 1167 (13) Notices; and

1168 (14) Any and all such other details that are found by the Pricing Officer to be  
1169 necessary and advisable for the purchase and sale of the Bonds.

1170 The Pricing Officer may execute said Purchase Contract for and on behalf of the  
1171 City and as the act and deed of this City Council.

1172 The Mayor and City Clerk of the City may manually or electronically execute and  
1173 deliver for and on behalf of the City copies of a Preliminary Official Statement and  
1174 Official Statement, prepared in connection with the offering of the Bonds by the  
1175 Purchasers, in final form as may be required by the Purchasers, and such final Official  
1176 Statement in the form and content as approved by the Pricing Officer or as manually or  
1177 electronically executed by said officials shall be deemed to be approved by the City  
1178 Council of the City and constitute the Official Statement authorized for distribution and  
1179 use by the Purchasers.

1180 **SECTION 23: SPECIAL ESCROW AGREEMENT.** A “Special Escrow  
1181 Agreement” (the “Escrow Agreement”) by and between the City and an authorized  
1182 escrow agent (the “Escrow Agent”), if any such agreement is required in connection with  
1183 the issuance of the Bonds, shall be attached to, and approved in, the Pricing Certificate.  
1184 Such Escrow Agreement is authorized to be finalized and executed by the Pricing Officer  
1185 for and on behalf of the City and as the act and deed of this City Council; and such  
1186 Escrow Agreement as executed by said Pricing Officer shall be deemed approved by the  
1187 City Council and constitute the Escrow Agreement approved by this Ordinance. With  
1188 regard to the finalization of certain terms and provisions of said Escrow Agreement, a  
1189 Pricing Officer is authorized to come to an agreement with the Escrow Agent on the  
1190 following details, among other matters:

- 1191 (1) The identification of the Refunded Obligations;  
1192 (2) The creation and funding of the Escrow Fund or Funds; and  
1193 (3) The Escrow Agent’s compensation, administration of the Escrow Fund or  
1194 Funds, and the settlement of any paying agents’ charges relating to the Refunded Bonds.

1195 Furthermore, appropriate officials of the City in cooperation with the Escrow  
1196 Agent are authorized and directed to make the necessary arrangements for the purchase  
1197 of the escrowed securities referenced in the Escrow Agreement and the delivery of the  
1198 escrowed securities to the Escrow Agent on the day of delivery of the Bonds to the  
1199 Purchasers for deposit to the credit of the “CITY OF AUSTIN, TEXAS, ELECTRIC  
1200 UTILITY SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2015B  
1201 ESCROW FUND” (referred to as the “Escrow Fund”), or such other designation as  
1202 specified on the Pricing Certificate; all as contemplated and provided in Texas  
1203 Government Code, Chapter 1207, as amended, the Fourteenth Supplement, the Pricing  
1204 Certificate, and the Escrow Agreement.

1205 On or immediately prior to the date of the delivery of the Bonds to the Purchasers,  
1206 the Pricing Officer shall also cause to be deposited (and is authorized to cause to be  
1207 deposited) (a) with the Escrow Agent from moneys on deposit in the debt service fund(s)  
1208 maintained for the payment of the Refunded Bonds an amount which, together with the  
1209 proceeds of sale, and the investment earnings thereon, will be sufficient to pay in full the  
1210 Refunded Bonds (or the amount of accrued interest due thereon) scheduled to mature and  
1211 authorized to be redeemed on the earliest date established in the Pricing Certificate for  
1212 the redemption of any of the Refunded Bonds (or the earliest date of payment, to be made  
1213 from moneys in the Escrow Fund(s), as established in the Pricing Certificate, of the  
1214 amount of accrued interest due thereon).

1215 **SECTION 24: REFUNDED BONDS.** (a) In order to provide for the refunding,  
1216 discharge, and retirement of the Refunded Bonds, the Refunded Bonds identified,  
1217 described, and in the amounts set forth in the Pricing Certificate, are called for  
1218 redemption on the first date(s) such Refunded Bonds are subject to redemption or such  
1219 other date specified by the Pricing Officer in the Pricing Certificate at the price of par  
1220 plus accrued interest to the redemption date, and notice of such redemption shall be given  
1221 in accordance with the applicable provisions of the ordinance adopted by the City  
1222 Council of the City, which authorized the issuance of the Refunded Bonds. The Pricing  
1223 Officer is authorized and directed to issue or cause to be issued Notice(s) of Redemption  
1224 for the Refunded Bonds in substantially the form(s) set forth as Exhibit(s) to the Pricing  
1225 Certificate, to each paying agent/registrars for Refunded Bonds, in accordance with the  
1226 redemption provisions applicable to the Refunded Bonds.

1227 (b) Each paying agent/registrars for Refunded Bonds is directed to provide the  
1228 appropriate notice of redemption as required by the ordinances authorizing the Refunded  
1229 Bonds and is directed to make appropriate arrangements so that the Refunded Bonds may  
1230 be redeemed on the respective redemption date(s).

1231 (c) The source of funds for payment of the principal of and interest on the  
1232 Refunded Bonds on their respective maturity or redemption dates shall be from the funds  
1233 deposited with the Escrow Agent or the paying agent/registrars for the Refunded Bonds  
1234 pursuant to the provisions of Texas Government Code, Chapter 1207, as amended, this  
1235 Ordinance and the Pricing Certificate.

1236 **SECTION 25: PROCEEDS OF SALE.** (a) Immediately following the delivery  
1237 of the Bonds, proceeds of sale (less those proceeds of sale designated to pay costs of  
1238 issuance and any accrued interest received from the Purchasers of the Bonds) shall be  
1239 deposited with (i) U.S. Bank National Association (the "Deposit Agent") for the payment  
1240 and discharge of all or part of the Refunded Notes or (ii) the Escrow Agent for  
1241 application and disbursement in accordance with the provisions of the Escrow Agreement  
1242 or deposited with the paying agent/registrars(s) for the Refunded Bonds for the payment  
1243 and/or redemption of the Refunded Obligations. The proceeds of sale of the Bonds not so

1244 deposited with the Escrow Agent (or the paying agent/registrar for the Refunded Bonds)  
1245 for the refunding of the Refunded Bonds or with the Deposit Agent for the refunding of  
1246 all or part of the Refunded Notes shall be disbursed for payment of costs of issuance, or  
1247 deposited in the Debt Service Fund for the Bonds, all in accordance with written  
1248 instructions from the City or its Financial Advisor. Accrued interest, if any, received  
1249 from the Purchasers shall be deposited to the credit of the Debt Service Fund.

1250 Furthermore, appropriate officials of the City in cooperation with the Deposit  
1251 Agent and the Escrow Agent, as applicable, are authorized and directed to make the  
1252 necessary arrangements for the deposit of funds for the payment of the Refunded  
1253 Obligations; all as contemplated and provided in Texas Government Code, Chapter 1207,  
1254 and the Fourteenth Supplement.

1255 Additionally, the Pricing Officer shall determine the amount of any City  
1256 contribution to the refunding from moneys on deposit in the interest and sinking fund(s)  
1257 maintained for the payment of the applicable Refunded Obligations.

1258 **SECTION 26: CONTROL AND CUSTODY OF BONDS.** The Chief Financial  
1259 Officer of the City shall be and is authorized to take and have charge of all necessary  
1260 orders and records pending the delivery of the Bonds, and shall take and have charge and  
1261 control of the Initial Bond(s) pending the approval by the Attorney General, the  
1262 registration by the Comptroller of Public Accounts and the delivery of the Initial Bond(s)  
1263 to the Underwriters.

1264 Furthermore, the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer,  
1265 City Clerk, City Treasurer and City Attorney, any one or more of said officials, are  
1266 authorized and directed to furnish and execute such documents relating to the City and its  
1267 financial affairs as may be necessary for the issuance of the Bonds, the approval of the  
1268 Attorney General and registration by the Comptroller of Public Accounts and, together  
1269 with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the  
1270 necessary arrangements for printing of definitive Bonds and the delivery of the Bonds to  
1271 the Underwriters.

1272 **SECTION 27: LEGAL OPINION.** The obligation of the Underwriters to accept  
1273 delivery of the Bonds is subject to being furnished a final opinion of Norton Rose  
1274 Fulbright US LLP. Attorneys, approving the Bonds as to their validity, said opinion to be  
1275 dated and delivered as of the date of delivery and payment for the Bonds. A true and  
1276 correct reproduction of said opinion may be printed on the definitive Bonds or an  
1277 executed counterpart of the opinion shall accompany the global Bonds deposited with  
1278 The Depository Trust Company.

1279 **SECTION 28: CUSIP NUMBERS.** CUSIP numbers may be printed or typed on  
1280 the definitive Bonds. It is expressly provided, however, that the presence or absence of  
1281 CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards

1282 the legality of the Bonds and neither the City nor attorneys approving the Bonds as to  
1283 legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the  
1284 definitive Bonds.

1285 **SECTION 29: PAYMENT AND PERFORMANCE ON BUSINESS DAYS.**

1286 Whenever under the terms of the Fourteenth Supplement or the Bonds, the performance  
1287 date of any provision of the Fourteenth Supplement or the Bonds, including the payment  
1288 of principal of or interest on the Bonds, shall occur on a day other than a Business Day,  
1289 then the performance of such provision, including the payment of principal of and interest  
1290 on the Bonds, need not be made on such day but may be performed or paid, as the case  
1291 may be, on the next succeeding Business Day with the same force and effect as if made  
1292 on the date of performance or payment.

1293 **SECTION 30: LIMITATION OF BENEFITS WITH RESPECT TO THE**  
1294 **FOURTEENTH SUPPLEMENT.** With the exception of the rights or benefits

1295 expressly conferred in the Fourteenth Supplement, nothing expressed or contained in the  
1296 Fourteenth Supplement or implied from the provisions of the Fourteenth Supplement or  
1297 the Bonds is intended or should be construed to confer upon or give to any person other  
1298 than the City, the Holders, and the Paying Agent/Registrar, any legal or equitable right,  
1299 remedy, or claim under or by reason of or in respect to the Fourteenth Supplement or any  
1300 covenant, condition, stipulation, promise, agreement, or provision contained in the  
1301 Fourteenth Supplement. The Fourteenth Supplement and all of the covenants, conditions,  
1302 stipulations, promises, agreements, and provisions of the Fourteenth Supplement are  
1303 intended to be and shall be for and inure to the sole and exclusive benefit of the City, the  
1304 Holders, and the Paying Agent/Registrar as provided in the Fourteenth Supplement and in  
1305 the Bonds.

1306 **SECTION 31: NOTICES TO HOLDERS WAIVER.** Wherever the Fourteenth

1307 Supplement provides for notice to Holders of any event, such notice shall be sufficiently  
1308 given (unless otherwise expressly provided in the Fourteenth Supplement) if in writing  
1309 and sent by United States Mail, first class postage prepaid, to the address of each Holder  
1310 appearing in the Security Register at the close of business on the business day next  
1311 preceding the mailing of such notice.

1312 In any case where notice to Holders is given by mail, neither the failure to mail  
1313 such notice to any particular Holders, nor any defect in any notice so mailed, shall affect  
1314 the sufficiency of such notice with respect to all other Bonds. Where the Fourteenth  
1315 Supplement provides for notice in any manner, such notice may be waived in writing by  
1316 the Holder entitled to receive such notice, either before or after the event with respect to  
1317 which such notice is given, and such waiver shall be the equivalent of such notice.  
1318 Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such  
1319 filing shall not be a condition precedent to the validity of any action taken in reliance  
1320 upon such waiver.

1321 SECTION 32: **GOVERNING LAW.** The Fourteenth Supplement shall be  
1322 construed and enforced in accordance with the laws of the State of Texas and the United  
1323 States of America.

1324 SECTION 33: **EFFECT OF HEADINGS.** The Section headings in the  
1325 Fourteenth Supplement are for convenience only and shall not affect the construction of  
1326 the Fourteenth Supplement.

1327 SECTION 34: **CONSTRUCTION OF TERMS.** If appropriate in the context of  
1328 the Fourteenth Supplement, words of the singular number shall be considered to include  
1329 the plural, words of the plural number shall be considered to include the singular, and  
1330 words of the masculine, feminine or neuter gender shall be considered to include the  
1331 other genders.

1332 SECTION 35: **SEVERABILITY.** If any provision or the application of any  
1333 provision of the Fourteenth Supplement to any circumstance shall be held to be invalid,  
1334 the remainder of the Fourteenth Supplement and the application of the Fourteenth  
1335 Supplement to other circumstances shall nevertheless be valid, and the City Council  
1336 declares that the Fourteenth Supplement would have been enacted without such invalid  
1337 provision.

1338 SECTION 36: **PUBLIC MEETING.** It is officially found, determined, and  
1339 declared that the meeting at which the Fourteenth Supplement is adopted was open to the  
1340 public and public notice of the time, place, and subject matter of the public business to be  
1341 considered at the meeting, including the Fourteenth Supplement, was given; all as  
1342 required by Texas Government Code, Chapter 551.

1343 SECTION 37: **EFFECTIVE DATE.** The Fourteenth Supplement is passed on  
1344 one reading as authorized by Texas Government Code, Section 1201.028, and shall be  
1345 effective immediately upon its passage and adoption.

1346 *[remainder of page left blank intentionally]*

1347

**PASSED AND APPROVED**

**CITY OF AUSTIN, TEXAS**

April 23, 2015

§  
§  
§

**APPROVED:**

\_\_\_\_\_  
**STEVE ADLER**  
Mayor

**ATTEST:**

\_\_\_\_\_  
**ANNE L. MORGAN**  
Interim City Attorney

\_\_\_\_\_  
**JANNETTE S. GOODALL**  
City Clerk

(City Seal)

1348

DRAFT

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Exhibit A  
Paying Agent/Registrar Agreement

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