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

“Bond Purchase Agreement” means the Bond Purchase Agreement related to the sale of the Bonds and the Series 2015B Bonds, between the City and the Underwriters.

“Business Day” means a day other than a Sunday, Saturday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

“Chapter 551” means V.T.C.A., Government Code, Chapter 551.

“Chapter 1204” means V.T.C.A., Government Code, Chapter 1204.

“Chapter 1207” means V.T.C.A., Government Code, Chapter 1207.

“Chapter 1208” means V.T.C.A., Government Code, Chapter 1208.

“Chapter 1371” means V.T.C.A., Government Code, Chapter 1371.

“Code” means the Internal Revenue Code of 1986.

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

“Master Ordinance” means Ordinance No. 000608-56A passed by council on June 8, 2000.

28 “Paying Agent/Registrar” means U.S. Bank National Association, or other
29 financial institution specified in the Bond Purchase Agreement.

30 “Previously Issued Parity Water/Wastewater Obligations” means the outstanding
31 (1) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,
32 Series 2002A”, (2) “City of Austin, Texas, Water and Wastewater System Revenue
33 Refunding Bonds, Series 2004A”, (3) “City of Austin, Texas, Water and Wastewater
34 System Revenue Refunding Bonds, Series 2005”, (4) “City of Austin, Texas, Water and
35 Wastewater System Revenue Refunding Bonds, Series 2005A”, (5) “City of Austin,
36 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2006”, (6) “City
37 of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series
38 2006A”, (7) “City of Austin, Texas, Water and Wastewater System Revenue Refunding
39 Bonds, Series 2007”, (8) “City of Austin, Texas, Water and Wastewater System Variable
40 Rate Revenue Refunding Bonds, Series 2008”, together with certain regularly scheduled
41 payments under the Series 2008 Interest Rate Management Agreement and the Series
42 2008 Liquidity Agreement (as these terms are defined in Ordinance No. 20080306-053),
43 (9) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,
44 Series 2009”, (10) “City of Austin, Texas, Water and Wastewater System Revenue
45 Refunding Bonds, Series 2009A”, (11) “City of Austin, Texas, Water and Wastewater
46 System Revenue Bonds, Series 2010”, (12) “City of Austin, Texas, Water and
47 Wastewater System Revenue Refunding Bonds, Series 2010A”, (13) “City of Austin,
48 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2010B (Direct
49 Subsidy-Build America Bonds)”, (14) “City of Austin, Texas, Water and Wastewater
50 System Revenue Refunding Bonds, Series 2011”, (15) “City of Austin, Texas, Water and
51 Wastewater System Revenue Refunding Bonds, Series 2012”, (16) “City of Austin,
52 Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2013A”, and
53 (17) “City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds,
54 Series 2014”.

55 “Prior Supplements” mean Ordinances Nos. 030206-35, 040930-83, 050519-37,
56 051020-051, 20051117-060, 20061116-051, 20071108-081, 20080306-052, 20080306-
57 053, 20081211-77, 20091105-051, 20091217-004, 20101118-074, 20111103-051,
58 20120628-101, 20130620-074 and 20140522-040, authorizing the issuance of the
59 Previously Issued Parity Water/Wastewater Obligations.

60 “Refunded Bonds” means the principal amount of each of the series of bonds
61 identified in **Schedule I** attached to the Twenty-Fourth Supplement and specified in the
62 Bond Purchase Agreement.

63 “Security Register” shall have the meaning given in Section 4 of the Twenty-
64 Fourth Supplement.

65 “Series 2015B Bonds” means the “CITY OF AUSTIN, TEXAS, WATER AND
66 WASTEWATER SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES
67 2015B”, authorized for issuance by the Twenty-Fifth Supplement.

68 “Twenty-Fourth Supplement” means this Ordinance No. 20150604-____
69 authorizing the issuance of the Bonds.

70 “Twenty-Fifth Supplement” means Ordinance No. 20150604-____ authorizing the
71 issuance of the Series 2015B Bonds.

72 “Underwriters” means the investment banking firms purchasing the initial offering
73 of the Bonds, as described in the Bond Purchase Agreement.

74 The terms used in the Twenty-Fourth Supplement and not otherwise defined shall
75 have the meanings given in the Master Ordinance or the Prior Supplements.

76 In accordance with the provisions of Chapter 1207, the City is authorized to issue
77 refunding bonds and deposit the proceeds of sale directly with any place of payment for
78 the Refunded Bonds, or other authorized depository, and this deposit, when made in
79 accordance with Chapter 1207, shall constitute the making of firm banking and financial
80 arrangements for the discharge and final payment of the Refunded Bonds.

81 In accordance with the provisions of Chapter 1207, council is delegating to the
82 Pricing Officer (as defined below) the authority to establish the terms and details related
83 to the issuance and sale of the Bonds including: (i) the principal amount of the Refunded
84 Bonds to be refunded; (ii) the form and designation of the Bonds; (iii) the principal
85 amount of the Bonds and the amount of the Bonds to mature in each year; (iv) the dates,
86 price, interest rates, interest payment dates, principal payment dates, and redemption
87 features of the Bonds; and (v) any other details relating to the issuance, sale, delivery,
88 and/or exchange of the Bonds, all within certain specified parameters set forth in the
89 Twenty-Fourth Supplement. In the Bond Purchase Agreement, the Pricing Officer shall
90 determine, based upon advice provided by the City’s financial advisor, that acceptance of
91 the purchase price for the Bonds is in the best interests of the City.

92 The Bonds shall be secured by a lien on and pledge of the Net Revenues on parity
93 with the outstanding “Parity Water/Wastewater Obligations” issued in accordance with
94 and under the terms and provisions of the Master Ordinance and the Prior Supplements.
95 There are no Previously Issued Separate Lien Obligations outstanding. Council affirms
96 that the Master Ordinance provides that no additional revenue obligations shall be issued
97 on parity with the Prior First Lien Obligations or the Prior Subordinate Lien Obligations.

98 The Twenty-Fourth Supplement and the Twenty-Fifth Supplement are to be
99 adopted concurrently by council. If council does not adopt the Twenty-Fifth Supplement,

or if the Series 2015B Bonds are not issued, references to the Twenty-Fifth Supplement and the Series 2015B Bonds set forth in the Twenty-Fourth Supplement have no effect.

SECTION 2: AUTHORIZATION – DESIGNATION – PRINCIPAL AMOUNT - PURPOSE. Revenue bonds of the City shall be and are authorized to be issued in an amount not to exceed the maximum aggregate principal amount determined as provided in Section 4 of the Twenty-Fourth Supplement and designated the “CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2015A” (the “Bonds”), for the purpose of refinancing and refunding the Refunded Bonds identified in the Bond Purchase Agreement, and paying costs of issuance, in conformity with the Constitution and laws of the State of Texas, including Chapter 1207.

SECTION 3: FULLY REGISTERED OBLIGATIONS–AUTHORIZED DENOMINATIONS – STATED MATURITIES - DATE. The Bonds shall be issued as fully registered obligations, without coupons, shall be dated as provided in the Bond Purchase Agreement (the “Dated Date”) and shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), shall be numbered consecutively from R-1 upward (except as provided in Section 9 of the Twenty-Fourth Supplement) and shall become due and payable on May 15 and/or November 15 in each of the years and in principal amounts (the “Stated Maturities”) and bear interest at the rate(s) per annum in accordance with the details of the Bonds as set forth in the Bond Purchase Agreement.

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

SECTION 4: DELEGATION OF AUTHORITY TO PRICING OFFICER.

(a) As authorized by Section 1207.007, Texas Government Code, the City Manager or Chief Financial Officer of the City (any one of them, the “Pricing Officer”) is authorized to act on behalf of the City in selling and delivering the Bonds and carrying out the other procedures specified in the Twenty-Fourth Supplement, including selection of the specified maturities or series in whole or in part of the Refunded Bonds to be refunded, determining the aggregate principal amount of the Bonds, the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the first interest payment date, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, the designation of a paying agent/registrar, if different from the Paying Agent/Registrar, and all other matters

relating to the issuance, sale, and delivery of the Bonds, all of which shall be specified in the Bond Purchase Agreement, provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed \$380,000,000;

(ii) the Bonds shall bear interest at a rate not greater than 15.0% per annum and the net effective interest rate (as defined in Chapter 1204) for the Bonds shall not exceed 15.0%;

(iii) With respect to the Bonds issued to refund the Refunded Bonds, the refunding must produce a net present value debt service savings of at least 4.25%, net of any contribution by the City; and

(iv) the maximum maturity for the Bonds shall not extend beyond November 15, 2046.

The execution of the Bond Purchase Agreement shall evidence the sale date of the Bonds by the City to the Underwriters.

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not exceeding the amount authorized in Subsection (a)(i) above, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. This delegation shall expire if not exercised by the Pricing Officer on or prior to January 31, 2016. The Bonds shall be sold by negotiated sale to the Underwriters, at the price, and with and subject to the terms, as set forth in the Bond Purchase Agreement.

(c) The Bond Purchase Agreement may contain the terms of sale of the Series 2015B Bonds, or the terms of sale of the Series 2015B Bonds may be set forth in a separate agreement, as may be determined by the Pricing Officer.

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

The selection and appointment of U.S. Bank National Association, Houston, Texas, to serve as Paying Agent/Registrar for the Bonds is approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided in the Twenty-Fourth Supplement, in

175 accordance with the terms and provisions of a “Paying Agent/Registrar Agreement,”
176 substantially in the form attached as **Exhibit C**, and such reasonable rules and regulations
177 as the Paying Agent/Registrar and the City may prescribe. The Pricing Officer is
178 authorized to execute and deliver this Agreement in connection with the delivery of the
179 Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times
180 until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall
181 be a bank, trust company, financial institution or other entity qualified and authorized to
182 serve in such capacity and perform the duties and services of Paying Agent/Registrar.
183 Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to
184 promptly cause a written notice of the change to be sent to each Holder by United States
185 Mail, first class postage prepaid, which notice shall also give the address of the new
186 Paying Agent/Registrar.

187 Principal of and premium, if any, on the Bonds shall be payable at the Stated
188 Maturities or redemption of the Bonds, only upon presentation and surrender of the
189 Bonds to the Paying Agent/Registrar at its designated office in Houston, Texas (the
190 “Designated Payment/Transfer Office”). Interest on the Bonds shall be paid to the
191 Holders whose names appear in the Security Register at the close of business on the
192 Record Date (the last Business Day of the month next preceding each interest payment
193 date), and interest shall be paid by the Paying Agent/Registrar (i) by check sent United
194 States Mail, first class postage prepaid, to the address of the Holder recorded in the
195 Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar,
196 requested by, and at the risk and expense of, the Holder. If the date for the payment of
197 the principal of or interest on the Bonds is a day other than a Business Day, then the date
198 for payment shall be the next succeeding Business Day; and payment on that date shall
199 have the same force and effect as if made on the original date payment was due.

200 In the event of a non-payment of interest on one or more maturities on a scheduled
201 payment date, and for thirty (30) days thereafter, a new record date for the interest
202 payment for the maturity or maturities (a “Special Record Date”) will be established by
203 the Paying Agent/Registrar, if and when funds for the payment of interest have been
204 received from the City. Notice of the Special Record Date and of the scheduled payment
205 date of the past due interest (which shall be fifteen (15) days after the Special Record
206 Date) shall be sent at least five (5) Business Days prior to the Special Record Date by
207 United States Mail, first class postage prepaid, to the address of each Holder of such
208 maturity or maturities appearing on the Security Register at the close of business on the
209 last Business Day next preceding the date of mailing of the notice.

210 **SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS -**
211 **PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and
212 maintain in the Security Register the name and address of each registered owner of the
213 Bonds issued under the provisions of the Twenty-Fourth Supplement. Any Bond may, in
214 accordance with its terms and the terms of the Twenty-Fourth Supplement, be transferred

215 or exchanged for Bonds of other authorized denominations upon the Security Register by
216 the Holder, in person or by his or her authorized agent, upon surrender of the Bond to the
217 Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer
218 or request for exchange executed by the Holder or by his or her authorized agent, in form
219 satisfactory to the Paying Agent/ Registrar.

220 Upon surrender for transfer of any Bond (other than the Initial Bond(s) authorized
221 in Section 9 of the Twenty-Fourth Supplement) at the Designated Payment/Transfer
222 Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and
223 deliver, in the name of the designated transferee(s), one or more new Bonds executed on
224 behalf of, and furnished by, the City of authorized denominations and having the same
225 Stated Maturity and of a like aggregate principal amount as the Bond or Bonds
226 surrendered for transfer.

227 At the option of the Holder, Bonds (other than the Initial Bond(s) authorized in
228 Section 9 of the Twenty-Fourth Supplement) may be exchanged for other Bonds of
229 authorized denominations and having the same Stated Maturity, bearing the same rate of
230 interest and of like aggregate principal amount as the Bonds surrendered for exchange,
231 upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office
232 of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the
233 Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and
234 furnished by, the City, to the Holder requesting the exchange.

235 All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the
236 Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United
237 States Mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the
238 same shall be valid obligations of the City, evidencing the same obligation to pay, and
239 entitled to the same benefits under the Twenty-Fourth Supplement, as the Bonds
240 surrendered in such transfer or exchange.

241 All transfers or exchanges of Bonds under this Section shall be made without
242 expense or service charge to the Holder, except as otherwise provided in the Twenty-
243 Fourth Supplement, and except that the Paying Agent/Registrar shall require payment by
244 the Holder requesting such transfer or exchange of any tax or other governmental charges
245 required to be paid with respect to such transfer or exchange.

246 Bonds canceled by reason of an exchange or transfer under the provisions of the
247 Twenty-Fourth Supplement are defined to be "Predecessor Bonds," evidencing all or a
248 portion, as the case may be, of the same obligation to pay evidenced by the Bond or
249 Bonds registered and delivered in the exchange or transfer. Additionally, the term
250 "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for
251 which a replacement Bond has been issued, registered and delivered under Section 19 of
252 the Twenty-Fourth Supplement and the new replacement Bond shall be deemed to
253 evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption of the Bond; provided, however, this limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANSACTIONS.

Notwithstanding the provisions contained in Sections 4, 5 and 6 of the Twenty-Fourth Supplement relating to the payment, and transfer/exchange of the Bonds, the City approves and authorizes the use of the “Book-Entry-Only” securities clearance, settlement and transfer system provided by The Depository Trust Company (“DTC”), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representation, by and between the City and DTC (the “Depository Agreement”).

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. The Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of the Bonds not held by DTC under the Depository Agreement shall be made in accordance with the provisions of Sections 4, 5 and 6 of the Twenty-Fourth Supplement.

SECTION 8: EXECUTION - REGISTRATION. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed on the Bonds and countersigned by the City Clerk. The signature of the officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be executed on behalf of the City, notwithstanding that those individuals or either of them shall cease to hold the offices at the time of delivery of

the Bonds to the Underwriters and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201.

No Bond shall be entitled to any right or benefit under the Twenty-Fourth Supplement, or be valid or obligatory for any purpose, unless there appears on the Bond either a certificate of registration substantially in the form provided in the FORM OF BOND, manually executed by the Comptroller of Public Accounts of the State of Texas or his or her authorized agent, or a certificate of registration substantially in the form provided in the FORM OF BOND, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either certificate upon any Bond signed shall be conclusive evidence, and the only evidence, that the Bond has been certified, registered and delivered.

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

SECTION 10: FORMS. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in the FORM OF BOND set forth in **Exhibit A** to the Twenty-Fourth Supplement, with appropriate insertions, omissions, substitutions, and other variations as are permitted or required by the Twenty-Fourth Supplement, and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and any other legends and endorsements (including insurance legends in the event the Bonds, or any maturities of the Bonds, are purchased with insurance and any reproduction of an opinion of counsel) as may be established by the City or determined

332 by the officers executing the Bonds as evidenced by their execution of the Bonds. Any
333 portion of the text of any Bond may be set forth on the reverse of the Bond, with an
334 appropriate reference on the face of the Bond. The FORM OF BOND set forth in
335 **Exhibit A** to the Twenty-Fourth Supplement will be revised to reflect the terms of the
336 Bond Purchase Agreement and the sale of the Bonds to the Underwriters.

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

341 **SECTION 11: CRITERIA FOR ISSUANCE OF PARITY WATER/**
342 **WASTEWATER OBLIGATIONS.** The City has provided certain criteria and
343 established certain covenants and agreements in relation to the issuance of Parity
344 Water/Wastewater Obligations of the Water/Wastewater System pursuant to the Master
345 Ordinance and Prior Supplements. The Twenty-Fourth Supplement provides for the
346 authorization, issuance, sale, delivery, form, characteristics, provisions of payment, and
347 security of the Bonds which are Parity Water/Wastewater Obligations. The Master
348 Ordinance is incorporated by reference and made a part of the Twenty-Fourth
349 Supplement for all purposes, except to the extent modified and supplemented by the Prior
350 Supplements and the Twenty-Fourth Supplement, and the Bonds are declared to be Parity
351 Water/Wastewater Obligations under the Master Ordinance and Prior Supplements. The
352 City determines that it will have sufficient funds to meet the financial obligations of the
353 Water/Wastewater System, including sufficient Net Revenues to pay the Annual Debt
354 Service Requirements of the Bonds and the Previously Issued Parity Water/Wastewater
355 Obligations and to meet all financial obligations of the City relating to the
356 Water/Wastewater System.

357 **SECTION 12: PLEDGE.** Subject to the prior claim and lien on the Net Revenues
358 of the Water/Wastewater System to the payment and security of the Prior First Lien
359 Obligations currently Outstanding, including the funding and maintenance of the special
360 funds established and maintained for the payment and security of the Prior First Lien
361 Obligations, the Net Revenues of the Water/Wastewater System are pledged to the
362 payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien
363 Obligations and the Previously Issued Parity Water/Wastewater Obligations currently
364 Outstanding, and the Series 2015B Bonds, shall be equally and ratably secured by a
365 parity lien on and pledge of the Net Revenues of the Water/Wastewater System in
366 accordance with the terms of the Master Ordinance and the Twenty-Fourth Supplement.
367 Additionally, the Bonds and the Previously Issued Parity Water/Wastewater Obligations
368 shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit
369 of the Debt Service Fund in accordance with the terms of the Master Ordinance, the Prior
370 Supplements and the Twenty-Fourth Supplement. It is ordained that the Parity
371 Water/Wastewater Obligations, and the interest on the Parity Water/Wastewater

Obligations, shall constitute a lien on the Net Revenues of the Water/Wastewater System and be valid and binding and fully perfected from and after the date of adoption of the Twenty-Fourth Supplement without physical delivery or transfer or transfer of control of the Net Revenues, the filing of the Twenty-Fourth Supplement or any other act, all as provided in Chapter 1208. The owners of the Parity Water/Wastewater Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Master Ordinance, the Prior Supplements and the Twenty-Fourth Supplement.

Chapter 1208 applies to the issuance of the Bonds and the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12, and the pledge is valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Net Revenues of the Water/Wastewater System granted by the City under this Section 12 is to be subject to the filing requirements of Chapter 9, then to preserve to the registered owners of the Bonds the perfection of the security interest in the pledge, the City agrees to take measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, and enable a filing to perfect the security interest in the pledge to occur.

SECTION 13: DEBT SERVICE FUND. By reason of the issuance of the Bonds, the City need not establish any special accounts within the Debt Service Fund and following the delivery of the Bonds, the City agrees and covenants that in addition to the deposits for the payment of the Previously Issued Parity Water/Wastewater Obligations there shall be deposited to the credit of the Debt Service Fund an amount equal to one hundred percent (100%) of the amount required to fully pay the interest on and principal of the Bonds falling due on or before each maturity, mandatory redemption date and interest payment date, and such deposits shall be made in substantially equal monthly amounts on or before the 14th day of each month beginning on or before the 14th day of the month next following the month the Bonds are delivered to the Underwriters.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bonds shall continue to be made in the manner provided in this Section until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Parity Water/Wastewater Obligations then Outstanding or (ii) the Bonds are no longer outstanding, *i.e.*, fully paid as to principal and interest or all the Bonds have been refunded.

Any accrued interest received from the Underwriters shall be deposited in the Debt Service Fund, and shall be taken into consideration and reduce the amount of the monthly deposits that would otherwise be required to be deposited to the credit of the Debt Service Fund from the Net Revenues of the Water/Wastewater System.

410 **SECTION 14: RESERVE FUND.** In accordance with the provisions of the Prior
411 Supplements authorizing the issuance of the Previously Issued Water/Wastewater
412 Obligations, the Required Reserve Amount is funded with cash and Credit Facilities
413 originally issued by MBIA Insurance Corporation, Financial Security Assurance Inc.,
414 Ambac Assurance Corporation and XL Capital Assurance Inc.

415 Acting in accordance with the provisions of the Master Ordinance, specifically
416 Section 8 of the Master Ordinance, the City is exercising the authority to determine in a
417 Supplement that it is not necessary for the Bonds to be secured by the Reserve Fund
418 established for the benefit of the owners of the Parity Water/Wastewater Obligations.
419 The City shall not make deposits of any Reserve Fund Obligations to the credit of the
420 Reserve Fund for the benefit of the Bonds, and the City shall not be required, but reserves
421 the right in the future, to make deposits of Reserve Fund Obligations to the credit of the
422 Reserve Fund with respect to the Bonds.

423 Furthermore, in accordance with Section 10(d) of the Master Ordinance, council
424 finds that the Gross Revenues will be sufficient to meet the obligations of the
425 Water/Wastewater System, including sufficient Net Revenues to satisfy the Annual Debt
426 Service Requirements of Parity Water/Wastewater Obligations currently Outstanding and
427 the financial obligations of the City under any Credit Facility entered into with the Credit
428 Facility providers.

429 **SECTION 15: PAYMENT OF BONDS.** On or before the first scheduled interest
430 payment date, and on or before each subsequent interest payment date and principal
431 payment date while any Bond is Outstanding, the City shall cause an amount to be
432 transferred to the Paying Agent/Registrar in immediately available funds from the Debt
433 Service Fund sufficient to pay the interest on and the principal amount of the Bonds, as
434 shall become due on each payment date, respectively, at maturity or by redemption prior
435 to maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the City
436 with an appropriate certificate of cancellation or destruction.

437 **SECTION 16: COVENANTS TO MAINTAIN TAX-EXEMPT STATUS.**

438 The City covenants to refrain from any action which would adversely affect, or to
439 take any action to assure, the treatment of the Bonds as obligations described in section
440 103 of the Code, the interest on which is not includable in the "gross income" of the
441 holder for purposes of federal income taxation. In furtherance thereof, the City covenants
442 as follows:

443 (a) to take any action to assure that no more than 10 percent of the proceeds of
444 the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if
445 any) are used for any "private business use", as defined in section 141(b)(6) of the Code
446 or, if more than 10 percent of the proceeds are so used, that amounts, whether or not
447 received by the City, with respect to such private business use, do not, under the terms of

448 this Ordinance or any underlying arrangement, directly or indirectly, secure or provide
449 for the payment of more than 10 percent of the debt service on the Bonds, in contra-
450 vention of section 141(b)(2) of the Code;

451 (b) to take any action to assure that in the event that the "private business use"
452 described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the
453 projects financed therewith (less amounts deposited into a reserve fund, if any) then the
454 amount in excess of 5 percent is used for a "private business use" which is "related" and
455 not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the
456 governmental use;

457 (c) to take any action to assure that no amount which is greater than the lesser of
458 \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a
459 reserve fund, if any), is directly or indirectly used to finance loans to persons, other than
460 state or local governmental units, in contravention of section 141(c) of the Code;

461 (d) to refrain from taking any action which would otherwise result in the Bonds
462 being treated as "private activity bonds" within the meaning of section 141(a) of the
463 Code;

464 (e) to refrain from taking any action that would result in the Bonds being
465 "federally guaranteed" within the meaning of section 149(b) of the Code;

466 (f) to refrain from using any portion of the proceeds of the Bonds, directly or
467 indirectly, to acquire or to replace funds which were used, directly or indirectly, to
468 acquire investment property (as defined in section 148(b)(2) of the Code) which produces
469 a materially higher yield over the term of the Bonds, other than investment property
470 acquired with --

471 (1) proceeds of the Bonds invested for a reasonable temporary period,
472 until such proceeds are needed for the purpose for which the Bonds are issued,

473 (2) amounts invested in a bona fide debt service fund, within the meaning
474 of section 1.148-1(b) of the Treasury Regulations, and

475 (3) amounts deposited in any reasonably required reserve or replacement
476 fund to the extent such amounts do not exceed 10 percent of the proceeds of the
477 Bonds;

478 (g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated
479 as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise
480 contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the
481 extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "excess earnings", within the meaning of section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the foregoing, the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City, any Deputy Financial Officer of the City and the City Treasurer may execute any certificates or other reports required by the Code and make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. In order to facilitate compliance with the above clause (h), a "Rebate Fund" is established by the City for the sole benefit of the United States of America, and the Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

SECTION 16A: DISPOSITION OF BOND-FINANCED PROPERTY.

The City covenants that the property constituting an improvement to the City originally financed with the proceeds of the Refunded Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds or the Refunded Bonds. The portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. The

City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

SECTION 17: AMENDMENT OF TWENTY-FOURTH SUPPLEMENT.

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

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

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

(b) Notice of Amendment Requiring Consent. If at any time the City shall desire to amend the Twenty-Fourth Supplement under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the notice is on file with the Paying Agent/Registrar for the Bonds. Publication is not required, however, if notice in writing is given by United States Mail, first class postage prepaid, to each owner of the Bonds.

(c) Time Period for Obtaining Consent. If within one year from (i) the date of the first publication of notice or (ii) the date of the mailing by the Paying Agent/Registrar of written notice to the owners of the Bonds, whichever date first occurs if both methods of giving notice are used, the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Bonds

561 consenting to and approving such amendment in substantially the form of the copy of
562 such instrument on file with each Paying Agent/Registrar, the governing body of the City
563 may pass the amendatory ordinance in substantially the same form.

564 (d) Revocation of Consent. Any consent given by the owner of a Bond pursuant
565 to the provisions of this Section shall be irrevocable for a period of six months from the
566 date for measuring the one year period to obtain consents noted in paragraph (c) above,
567 and shall be conclusive and binding upon all future owners of the same Bonds during
568 such period. At any time after six months from the date for measuring the one year period
569 to obtain consents noted in paragraph (c) above, consent may be revoked by the owner
570 who gave the consent, or by a successor in title, by filing written notice with the Paying
571 Agent/Registrar for the Bonds and the City, but revocation shall not be effective if the
572 owners of at least a majority in Outstanding Principal Amount of the then Outstanding
573 Bonds as determined in accordance with this Section have, prior to the attempted
574 revocation, consented to and approved the amendment.

575 (e) Implementation of Amendment. Upon the passage of any amendatory
576 ordinance pursuant to the provisions of this Section, the Twenty-Fourth Supplement shall
577 be deemed to be amended, and the respective rights, duties and obligations of the City
578 under the Twenty-Fourth Supplement and all the owners of then Outstanding Bonds shall
579 be determined, exercised and enforced in all respects in accordance with the amendment.

580 (f) Amendment without Consent. The preceding provisions of this Section
581 notwithstanding, the City by action of its governing body may amend the Twenty-Fourth
582 Supplement for any one or more of the following purposes:

583 (1) To add to the covenants and agreements of the City contained in
584 the Twenty-Fourth Supplement, other covenants and agreements thereafter
585 to be observed, grant additional rights or remedies to the owners of the
586 Bonds or to surrender, restrict or limit any right or power reserved in the
587 Twenty-Fourth Supplement to or conferred upon the City;

588 (2) To make provision for the purpose of curing any ambiguity, or
589 curing, correcting or supplementing any defective provision contained in the
590 Twenty-Fourth Supplement, or in regard to clarifying matters or questions
591 arising under the Twenty-Fourth Supplement, as are necessary or desirable
592 and not contrary to or inconsistent with the Twenty-Fourth Supplement and
593 which shall not adversely affect the interests of the owners of the Bonds then
594 Outstanding;

595 (3) To modify any of the provisions of the Twenty-Fourth Supplement
596 in any other respect whatever, provided that such modification shall be, and
597 be expressed to be, effective only after all the Bonds outstanding at the date
598 of the adoption of such modification shall cease to be outstanding;

599 (4) To make amendments to the Twenty-Fourth Supplement as may
600 be required, in the opinion of Bond Counsel, to ensure compliance with
601 sections 103 and 141 through 150 of the Code and the regulations
602 promulgated under and applicable to such sections and regulations;

603 (5) To make changes, modifications or amendments as may be
604 necessary or desirable to allow the owners of the Bonds to avail themselves
605 of a book-entry system for payments, transfers and other matters relating to
606 the Bonds, which changes, modifications or amendments are not contrary to
607 or inconsistent with other provisions of the Twenty-Fourth Supplement and
608 which shall not adversely affect the interests of the owners of the Bonds;

609 (6) To make amendments to the Twenty-Fourth Supplement as
610 permitted by Section 21(e) of the Twenty-Fourth Supplement;

611 (7) To make changes, modifications or amendments as may be
612 necessary or desirable to obtain the approval of the Bonds from the Attorney
613 General of Texas, to obtain or maintain the granting of a rating on the Bonds
614 by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit
615 Facility; and

616 (8) To make changes, modifications or amendments as may be
617 necessary or desirable, which shall not adversely affect the interests of the
618 owners of the Bonds, in order, to the extent permitted by law, to facilitate the
619 economic and practical utilization of interest rate swap agreements, foreign
620 currency exchange agreements, or similar types of agreements with respect
621 to the Bonds. Notice of an amendment may be published by the City in the
622 manner described in clause (b) of this Section; provided, however, that the
623 publication of a notice shall not constitute a condition precedent to the
624 adoption of an amendatory ordinance and the failure to publish a notice shall
625 not adversely affect the implementation of an amendment as adopted
626 pursuant to the amendatory ordinance.

627 (g) Ownership. For the purpose of this Section, the ownership and other matters
628 relating to all Bonds shall be established by the Security Register maintained by the
629 Paying Agent/Registrar. Furthermore, the owner of any Bonds insured as to the payment
630 of principal of and interest shall be deemed to be the insurance company providing the
631 insurance coverage on the Bonds; provided the amendment to the Twenty-Fourth
632 Supplement is an amendment that can be made with the consent of a majority in
633 Outstanding Principal Amount of the Bonds and the insurance company is not in default
634 with respect to its obligations under its insurance policy, if any.

635 **SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.** All or
636 any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the

637 meaning of the Twenty-Fourth Supplement when payment of the principal of, and
638 redemption premium, if any, on the Bonds, plus interest on the Bonds to the due date
639 (whether the due date is by reason of maturity or otherwise) either (i) shall have been
640 made or caused to be made in accordance with the terms of the Bonds, or (ii) shall have
641 been provided by irrevocably depositing with, or making available to, the Paying
642 Agent/Registrar, in trust and irrevocably set aside exclusively for this payment,
643 (1) money sufficient to make the payment or (2) Government Obligations, certified by an
644 independent public accounting firm of national reputation, to mature as to principal and
645 interest in amounts and at the times as will insure the availability, without reinvestment,
646 of sufficient money to make this payment, and all necessary and proper fees,
647 compensation and expenses of the Paying Agent/Registrar with respect to which the
648 deposit is made shall have been paid or the payment thereof provided for the satisfaction
649 of the Paying Agent/Registrar. Once a Bond shall be deemed to be paid under the
650 Twenty-Fourth Supplement, it shall no longer be secured by or entitled to the benefit of
651 the Twenty-Fourth Supplement, the Master Ordinance or a lien on and pledge of the Net
652 Revenues of the Water/Wastewater System, and shall be entitled to payment solely from
653 the money or Government Obligations.

654 Any moneys so deposited with the Paying Agent/Registrar, or an authorized
655 escrow agent, may at the direction of the City also be invested in Government
656 Obligations, maturing in the amounts and at the times as set forth in this Section, and all
657 income from all Government Obligations not required for the payment of the Bonds, the
658 redemption premium, if any, and interest on the Bonds, with respect to which the money
659 has been so deposited, shall be turned over to the City or deposited as directed by the
660 City. The City covenants that no deposit will be made or accepted under clause (ii) of
661 this Section and no use made of any deposit which would cause the Bonds to be treated
662 as arbitrage bonds within the meaning of section 148 of the Code.

663 Notwithstanding any other provisions of the Twenty-Fourth Supplement, all
664 money or Government Obligations set aside and held in trust pursuant to the provisions
665 of this Section for the payment of the Bonds, the redemption premium, if any, and
666 interest on the Bonds, shall be applied to and used for the payment of the Bonds, the
667 redemption premium, if any, and interest on the Bonds and the income on the money or
668 Government Obligations shall not be considered to be "Gross Revenues" under the
669 Twenty-Fourth Supplement.

670 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
671 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged, mutilated, lost,
672 stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and
673 delivered, a new bond of the same principal amount, maturity, and interest rate, as the
674 damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for the Bond in the
675 manner provided in this Section. An application for the replacement of damaged,
676 mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar.

677 In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond
678 shall furnish to the City and to the Paying Agent/Registrar security or indemnity as may
679 be required by them to save each of them harmless from any loss or damage with respect
680 thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall
681 furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the
682 loss, theft, or destruction of the Bond, as the case may be. In every case of damage or
683 mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for
684 cancellation the Bond so damaged or mutilated. Prior to the issuance of any replacement
685 bond, the Paying Agent/Registrar shall charge the owner of the Bond with all legal,
686 printing, and other expenses in connection therewith. Every replacement bond issued
687 pursuant to the provisions of this Section by virtue of the fact that any Bond is lost,
688 stolen, or destroyed shall constitute a contractual obligation of the City whether the lost,
689 stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and
690 shall be entitled to all the benefits of the Twenty-Fourth Supplement equally and
691 proportionately with any and all other Bonds issued under the Twenty-Fourth
692 Supplement.

693 Notwithstanding the preceding provisions of this Section, in the event any Bond
694 shall have matured, and no default has occurred which is then continuing in the payment
695 of the principal of, redemption premium, if any, or interest on the Bond, the City may
696 authorize the payment of the same (without surrender of the Bond except in the case of a
697 damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or
698 indemnity is furnished as above provided in this Section. Furthermore, in accordance
699 with Chapter 1206 (specifically Section 1206.022), this Section shall constitute authority
700 for the issuance of any replacement bond without necessity of further action by the
701 governing body of the City or any other body or person, and the duty of the replacement
702 of Bonds is authorized and imposed upon the Paying Agent/Registrar, and the Paying
703 Agent/Registrar shall authenticate and deliver replacement bonds in the form and manner
704 and with the effect, as provided in Section 6 of the Twenty-Fourth Supplement for Bonds
705 issued in exchange for other Bonds.

706 **SECTION 20: TWENTY-FOURTH SUPPLEMENT TO CONSTITUTE A**
707 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds
708 by the Holders from time to time, the Twenty-Fourth Supplement shall be deemed to be
709 and shall constitute a contract between the City and the Holders from time to time of the
710 Bonds and the pledge made in the Twenty-Fourth Supplement by the City and the
711 covenants and agreements set forth in the Twenty-Fourth Supplement to be performed by
712 the City shall be for the equal and proportionate benefit, security, and protection of all
713 Holders, without preference, priority, or distinction as to security or otherwise of any of
714 the Bonds authorized under the Twenty-Fourth Supplement over any of the others by
715 reason of time of issuance, sale, or maturity thereof or otherwise for any cause
716 whatsoever, except as expressly provided in or permitted by the Twenty-Fourth
717 Supplement.

718 **SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.**

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

721 “*MSRB*” means the Municipal Securities Rulemaking Board.

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

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

724 (b) Annual Reports. The City shall provide annually to the MSRB (1) within
725 six months after the end of each fiscal year ending in or after 2015, financial information
726 and operating data with respect to the City of the general type included in the final
727 Official Statement and which is described in **Exhibit B** to the Twenty-Fourth
728 Supplement, and (2) if not provided as part of the financial information and operating
729 data, audited financial statements of the City, when and if available. Any financial
730 statements so to be provided shall be prepared in accordance with the accounting
731 principles described in **Exhibit B** to the Twenty-Fourth Supplement, or other accounting
732 principles as the City may be required to employ from time to time pursuant to state law
733 or regulation, and audited, if the City commissions an audit of the statements and the
734 audit is completed within twelve months after the end of each fiscal year ending in or
735 after 2015. If audited financial statements are not available by the twelve month period,
736 the City will provide notice that the audited financial statements are not available, and
737 will provide unaudited financial information of the type included in the Official
738 Statement by the end of the twelve month period and audited financial statements when
739 and if the audited financial statements become available.

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

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

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

- 750 (1) Principal and interest payment delinquencies;
- 751 (2) Non-payment related defaults, if material;
- 752 (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- 753 (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- 754 (5) Substitution of credit or liquidity providers, or their failure to perform;
755 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of
756 proposed or final determinations of taxability, Notices of Proposed Issue
757 (IRS Form 5701-TEB), or other material notices or determinations with
758 respect to the tax status of the Bonds, or other material events affecting the
759 tax status of the Bonds;
760 (7) Modifications to rights of holders of the Bonds, if material;
761 (8) Bond calls, if material, and tender offers;
762 (9) Defeasances;
763 (10) Release, substitution, or sale of property securing repayment of the Bonds, if
764 material;
765 (11) Rating changes;
766 (12) Bankruptcy, insolvency, receivership, or similar event of the City, which
767 shall occur as described below;
768 (13) The consummation of a merger, consolidation, or acquisition involving the
769 City or the sale of all or substantially all of its assets, other than in the
770 ordinary course of business, the entry into a definitive agreement to
771 undertake such an action or the termination of a definitive agreement
772 relating to any such actions, other than pursuant to its terms, if material; and
773 (14) Appointment of a successor or additional paying agent/registrar or the
774 change of name of a paying agent/registrar, if material.
775

776 For these purposes, any event described in the immediately preceding paragraph 12
777 is considered to occur when any of the following occur: the appointment of a receiver,
778 fiscal agent, or similar officer for the City in a proceeding under the United States
779 Bankruptcy Code or in any other proceeding under state or federal law in which a court
780 or governmental authority has assumed jurisdiction over substantially all of the assets or
781 business of the City, or if jurisdiction has been assumed by leaving the existing governing
782 body and officials or officers in possession but subject to the supervision and orders of a
783 court or governmental authority, or the entry of an order confirming a plan of
784 reorganization, arrangement, or liquidation by a court or governmental authority having
785 supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

799 The provisions of this Section are for the sole benefit of the Holders and beneficial
800 owners of the Bonds, and nothing in this Section, express or implied, shall give any
801 benefit or any legal or equitable right, remedy, or claim to any other person. The City
802 undertakes to provide only the financial information, operating data, financial statements,
803 and notices which it has expressly agreed to provide pursuant to this Section and does not
804 undertake to provide any other information that may be relevant or material to a complete
805 presentation of the financial results, condition, or prospects of the City or the State of
806 Texas or undertake to update any information provided in accordance with this Section or
807 otherwise, except as expressly provided in this Section. The City does not make any
808 representation or warranty concerning the information or its usefulness to a decision to
809 invest in or sell Bonds at any future date.

810 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE
811 HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN
812 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART
813 FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT
814 FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT
815 EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR
816 OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR
817 MANDAMUS OR SPECIFIC PERFORMANCE.

818 No default by the City in observing or performing its obligations under this Section
819 shall constitute a breach of or default under the Twenty-Fourth Supplement for purposes
820 of any other provision of the Twenty-Fourth Supplement.

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

823 Should the Rule be amended to obligate the City to make filings with or provide
824 notices to entities other than the MSRB, the City agrees to undertake the obligation in
825 accordance with the Rule as amended.

826 Notwithstanding any provisions in the Twenty-Fourth Supplement to the contrary,
827 the provisions of this Section may be amended by the City from time to time to adapt to
828 changed circumstances resulting from a change in legal requirements, a change in law, or
829 a change in the identity, nature, status, or type of operations of the City, but only if (1) the
830 provisions of this Section, as so amended, would have permitted an underwriter to

831 purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule,
832 taking into account any amendments or interpretations of the Rule to the date of the
833 amendment, as well as the changed circumstances, and (2) either (a) the Holders of a
834 majority in aggregate principal amount (or any greater amount required by any other
835 provision of the Twenty-Fourth Supplement that authorizes the amendment) of the
836 Outstanding Bonds consent to the amendment or (b) a Person that is unaffiliated with the
837 City and the State of Texas (such as nationally recognized bond counsel) determines that
838 the amendment will not materially impair the interests of the Holders and beneficial
839 owners of the Bonds. The provisions of this Section may also be amended from time to
840 time or repealed by the City if the SEC amends or repeals the applicable provisions of the
841 Rule or a court of final jurisdiction determines that the provisions are invalid, but only if
842 and to the extent that reservation of the City's right to do so would not prevent
843 underwriters of the initial public offering of the Bonds from lawfully purchasing or
844 selling Bonds in the offering. If the City so amends the provisions of this Section, it shall
845 include with any amended financial information or operating data next provided in
846 accordance with subsection (b) an explanation, in narrative form, of the reasons for the
847 amendment and of the impact of any change in the type of financial information or
848 operating data so provided.

849 **SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all rights
850 and remedies provided by the laws of the State of Texas, the City covenants and agrees
851 particularly that in the event the City (a) defaults in payments to be made to the Debt
852 Service Fund as required by the Twenty-Fourth Supplement or the Master Ordinance, (b)
853 defaults in the observance or performance of any other of the covenants, conditions or
854 obligations set forth in the Twenty-Fourth Supplement or the Master Ordinance or (c) the
855 City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of
856 mandamus issued by a court of proper jurisdiction, compelling and requiring the City and
857 its officers to observe and perform any covenant, condition or obligation prescribed in the
858 Twenty-Fourth Supplement or the Master Ordinance. No delay or omission to exercise
859 any right or power accruing upon any default shall impair any such right or power, or
860 shall be construed to be a waiver of any such default or acquiescence in such default, and
861 every such right and power may be exercised from time to time and as often as may be
862 deemed expedient.

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

866 **SECTION 23: SALE OF BONDS; OFFICIAL STATEMENT APPROVAL.**
867 The Bonds are to be sold by the City to the Underwriters in accordance with the Bond
868 Purchase Agreement. The terms and provisions of the Bond Purchase Agreement are to
869 be determined by the Pricing Officer, in accordance with Sections 3 and 4 of the Twenty-
870 Fourth Supplement. With regard to the terms and provisions of the Bond Purchase

Agreement, the Pricing Officer may come to an agreement with the Underwriters on the following, among other matters:

- (1) The details of the purchase and sale of the Bonds;
- (2) The details of the public offering of the Bonds by the Underwriters;
- (3) The details of an Official Statement (and, if appropriate, any Preliminary Official Statement) relating to the Bonds and the City's compliance with the Rule;
- (4) A security deposit for the Bonds;
- (5) The representations and warranties of the City to the Underwriters;
- (6) The details of the delivery of, and payment for, the Bonds;
- (7) The Underwriters' obligations under the Bond Purchase Agreement;
- (8) The certain conditions to the obligations of the City under the Bond Purchase Agreement;
- (9) Termination of the Bond Purchase Agreement;
- (10) Particular covenants of the City;
- (11) The survival of representations made in the Bond Purchase Agreement;
- (12) The payment of any expenses relating to the Bond Purchase Agreement;
- (13) Notices; and
- (14) Any and all such other details that are found by the Pricing Officer to be necessary and advisable for the purchase and sale of the Bonds.

The Pricing Officer may execute the Bond Purchase Agreement for and on behalf of the City and as the act and deed of council.

The Mayor and City Clerk of the City may manually or electronically execute and deliver for and on behalf of the City copies of a Preliminary Official Statement and Official Statement, prepared in connection with the offering of the Bonds and the Series 2015B Bonds by the Underwriters, in final form as may be required by the Underwriters, and the final Official Statement in the form and content as approved by the Pricing Officer or as manually or electronically executed by the City officials shall be deemed to be approved by council and constitute the Official Statement authorized for distribution and use by the Underwriters.

SECTION 24: ESCROW AGREEMENT. An "Escrow Agreement" (the "Escrow Agreement") by and between the City and an authorized escrow agent (the "Escrow Agent"), if an agreement is required in connection with the issuance of the Bonds, in substantially the form of escrow agreements previously approved by council in connection with the refunding of outstanding obligations, is approved. The Escrow Agreement is authorized to be finalized and executed by the Pricing Officer for and on behalf of the City and as the act and deed of this council; and the Escrow Agreement as executed by the Pricing Officer shall be deemed approved by the council and constitute the Escrow Agreement approved by the Twenty-Fourth Supplement. With regard to the

910 finalization of certain terms and provisions of the Escrow Agreement, a Pricing Officer is
911 authorized to come to an agreement with the Escrow Agent on the following details,
912 among other matters:

- 913 (a) The identification of the Refunded Bonds;
- 914 (b) The creation and funding of the Escrow Fund or Funds; and
- 915 (c) The Escrow Agent's compensation, administration of the Escrow Fund or
916 Funds, and the settlement of any paying agents' charges relating to the Refunded Bonds.

917 Furthermore, appropriate officials of the City in cooperation with the Escrow
918 Agent are authorized and directed to make the necessary arrangements for the purchase
919 of the escrowed securities referenced in the Escrow Agreement and the delivery thereof
920 to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to
921 the credit of the "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER
922 SYSTEM REVENUE REFUNDING BONDS, SERIES 2015A ESCROW FUND"
923 (referred to as the "Escrow Fund"), all as contemplated and provided in Chapter 1207, the
924 Twenty-Fourth Supplement, the Bond Purchase Agreement, and the Escrow Agreement.

925 On or immediately prior to the date of the delivery of the Bonds to the
926 Underwriters, the Pricing Officer shall also cause to be deposited (and is authorized to
927 cause to be deposited) with the Escrow Agent from moneys on deposit in the debt service
928 fund(s) maintained for the payment of the Refunded Bonds an amount which, together
929 with the proceeds of sale, and the investment earnings thereon, will be sufficient to pay in
930 full the Refunded Bonds (or the amount of accrued interest due thereon) scheduled to
931 mature and authorized to be redeemed on the earliest date established in the Bond
932 Purchase Agreement for the redemption of any of the Refunded Bonds (or the earliest
933 date of payment, to be made from moneys in the Escrow Fund(s), as established in the
934 Bond Purchase Agreement, of the amount of accrued interest due thereon).

935 **SECTION 25: REFUNDED BONDS.** (a) In order to provide for the refunding,
936 discharge, and retirement of the Refunded Bonds, the Refunded Bonds, identified,
937 described, and in the amounts set forth in the Bond Purchase Agreement, are called for
938 redemption on the first date(s) the Refunded Bonds are subject to redemption or such
939 other date specified by the Pricing Officer in the Bond Purchase Agreement at the price
940 of par plus accrued interest to the redemption dates, and notice of such redemption shall
941 be given in accordance with the applicable provisions of the ordinance(s) adopted by
942 council, which authorized the issuance of the Refunded Bonds. The Pricing Officer is
943 authorized and directed to issue or cause to be issued a Notice of Redemption for each
944 series of the Refunded Bonds in substantially the form(s) required by the ordinance(s)
945 which authorized the issuance of the Refunded Bonds, to each and every paying
946 agent/registrar for Refunded Bonds, in accordance with the redemption provisions
947 applicable to each series of the Refunded Bonds.

948 (b) Each paying agent/registrar for Refunded Bonds is directed to provide the
949 appropriate notice(s) of redemption as required by the respective ordinances authorizing
950 the Refunded Bonds and is directed to make appropriate arrangements so that the
951 Refunded Bonds may be redeemed on the redemption date.

952 (c) The source of funds for payment of the principal of and interest on the
953 Refunded Bonds on their respective maturity or redemption dates shall be from the funds
954 deposited with the Escrow Agent or the paying agent/registrar for the Refunded Bonds
955 pursuant to the provisions of Chapter 1207, the Twenty-Fourth Supplement and the Bond
956 Purchase Agreement.

957 **SECTION 26: CONTROL AND CUSTODY OF BONDS.** The City Manager of
958 the City shall be and is authorized to take and have charge of all necessary orders and
959 records pending the sale of the Bonds, and shall take and have charge and control of the
960 Initial Bond(s) pending the approval thereof by the Attorney General, the registration
961 thereof by the Comptroller of Public Accounts and the delivery thereof to the
962 Underwriters.

963 Furthermore, the Mayor, Mayor Pro Tem, City Manager, any Assistant City
964 Manager, Chief Financial Officer, any Deputy Financial Officer, City Clerk, City
965 Treasurer and City Attorney, any one or more of these officials, are authorized and
966 directed to furnish and execute any documents relating to the City and its financial affairs
967 as may be necessary for the sale of the Bonds, the approval of the Attorney General and
968 registration by the Comptroller of Public Accounts and, together with the City's financial
969 advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements
970 for their delivery to the Underwriters following the sale.

971 **SECTION 27: PROCEEDS OF SALE.** Immediately following the delivery of
972 the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of
973 issuance and any accrued interest received from the Underwriters) shall be deposited with
974 the Escrow Agent for application and disbursement in accordance with the provisions of
975 the Escrow Agreement or deposited with the paying agent/registrar for the Refunded
976 Bonds for the payment and redemption of the Refunded Bonds. The proceeds of sale of
977 the Bonds not so deposited with the Escrow Agent (or the paying agent/registrar for the
978 Refunded Bonds) for the refunding of the Refunded Bonds shall be disbursed for
979 payment of costs of issuance, or deposited in the Debt Service Fund for the Bonds, all in
980 accordance with written instructions from the City or its financial advisor. Accrued
981 interest, if any, received from the Underwriters shall be deposited to the credit of the
982 Debt Service Fund, and premium, if any, received from the Underwriters as part of the
983 purchase price of the Bonds shall be used in a manner consistent with Chapter 1201
984 (specifically Section 1201.041(d)).

985 Furthermore, appropriate officials of the City in cooperation with the Escrow
986 Agent, are authorized and directed to make the necessary arrangements for the deposit of

funds for the payment of the Refunded Bonds, all as contemplated and provided in Chapter 1207 and the Twenty-Fourth Supplement.

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

SECTION 28: LEGAL OPINION. The obligation of the Underwriters to accept delivery of the Bonds is subject to being furnished a final opinion of McCall, Parkhurst & Horton L.L.P., approving the Bonds as to their validity, the opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of the opinion is authorized to be printed on the definitive Bonds or an executed counterpart of the opinion shall accompany the global Bonds deposited with DTC.

SECTION 29: CUSIP NUMBERS. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 30: PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Whenever under the terms of the Twenty-Fourth Supplement or the Bonds, the performance date of any provision of the Twenty-Fourth Supplement or the Bonds, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on that day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

SECTION 31: LIMITATION OF BENEFITS WITH RESPECT TO THE TWENTY-FOURTH SUPPLEMENT. With the exception of the rights or benefits expressly conferred in the Twenty-Fourth Supplement, nothing expressed or contained in the Twenty-Fourth Supplement or implied from the provisions of the Twenty-Fourth Supplement or the Bonds is intended or should be construed to confer upon or give to any person other than the City, the Holders, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to the Twenty-Fourth Supplement or any covenant, condition, stipulation, promise, agreement, or provision contained in the Twenty-Fourth Supplement. The Twenty-Fourth Supplement and all of the covenants, conditions, stipulations, promises, agreements, and provisions of the Twenty-Fourth Supplement are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Holders, and the Paying Agent/Registrar as provided in the Twenty-Fourth Supplement and in the Bonds.

1026 **SECTION 32: NOTICES TO HOLDERS-WAIVER.** Wherever the Twenty-
1027 Fourth Supplement provides for notice to Holders of any event, the notice shall be
1028 sufficiently given (unless otherwise expressly provided in the Twenty-Fourth
1029 Supplement) if in writing and sent by United States Mail, first class postage prepaid, to
1030 the address of each Holder appearing in the Security Register at the close of business on
1031 the Business Day next preceding the mailing of the notice.

1032 In any case where notice to Holders is given by mail, neither the failure to mail the
1033 notice to any particular Holders nor any defect in any notice so mailed shall affect the
1034 sufficiency of the notice with respect to all other Bonds. Where the Twenty-Fourth
1035 Supplement provides for notice in any manner, the notice may be waived in writing by
1036 the Holder entitled to receive the notice, either before or after the event with respect to
1037 which notice is given, and the waiver shall be the equivalent of the notice. Waivers of
1038 notice by Holders shall be filed with the Paying Agent/Registrar, but a filing shall not be
1039 a condition precedent to the validity of any action taken in reliance upon the waiver.

1040 **SECTION 33: GOVERNING LAW.** The Twenty-Fourth Supplement shall be
1041 construed and enforced in accordance with the laws of the State of Texas and the United
1042 States of America.

1043 **SECTION 34: EFFECT OF HEADINGS.** The Section headings in the Twenty-
1044 Fourth Supplement are for convenience of reference only and shall not affect the
1045 construction of the Twenty-Fourth Supplement.

1046 **SECTION 35: CONSTRUCTION OF TERMS.** If appropriate in the context of
1047 the Twenty-Fourth Supplement, words of the singular number shall be considered to
1048 include the plural, words of the plural number shall be considered to include the singular,
1049 and words of the masculine, feminine or neuter gender shall be considered to include the
1050 other genders. References to any named person shall mean that person and his or her
1051 successors and assigns. References to any constitutional, statutory or regulatory provision
1052 means the provision as it exists on the date the Twenty-Fourth Supplement is adopted by
1053 council. Any reference to the payment of principal in the Twenty-Fourth Supplement
1054 shall include the payment of any mandatory sinking fund redemption payments as
1055 described in the Twenty-Fourth Supplement. Any reference to "FORM OF BOND"
1056 refers to the form of the Bonds in **Exhibit A** to the Twenty-Fourth Supplement.

1057 **SECTION 36: SEVERABILITY.** If any provision of the Twenty-Fourth
1058 Supplement or its application to any circumstance shall be held to be invalid, the
1059 remainder of the Twenty-Fourth Supplement and its application to other circumstances
1060 shall nevertheless be valid, and council declares that the Twenty-Fourth Supplement
1061 would have been enacted without such invalid provision.

1062 **SECTION 37: INSURANCE.** The Bonds may but are not required to be sold
1063 with the principal of and interest being insured by a qualified municipal bond insurance

1064 provider. The Pricing Officer is authorized to make the selection of municipal bond
1065 insurance (if any) for the Bonds and to determine the provisions of any commitment for
1066 the municipal bond insurance. The Pricing Officer is authorized to execute any
1067 agreement with a qualified municipal bond insurance provider in connection with
1068 obtaining municipal bond insurance. In addition, if municipal bond insurance is
1069 obtained, the City will comply with the conditions applicable to the Bonds as set forth in
1070 the commitment or agreement entered into with the provider, as if the conditions were
1071 incorporated in the Twenty-Fourth Supplement.

1072 **SECTION 38: PUBLIC MEETING.** It is officially found that the meeting at
1073 which the Twenty-Fourth Supplement is adopted was open to the public and public notice
1074 of the time, place, and subject matter of the public business to be considered at such
1075 meeting, including the Twenty-Fourth Supplement, was given; all as required by Chapter
1076 551.

1077 **SECTION 39: EFFECTIVE DATE.** This Twenty-Fourth Supplement is passed
1078 on one reading as authorized by Chapter 1201 (specifically Section 1201.028), and shall
1079 be effective immediately upon its passage and adoption.

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

June 4, 2015

§
§
§

STEVE ADLER
Mayor

APPROVED:

ATTEST:

ANNE MORGAN
Interim City Attorney

JANNETTE S. GOODALL
City Clerk

(City Seal)

SCHEDULE I

SCHEDULE OF REFUNDED BONDS

CITY OF AUSTIN, TEXAS WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2005, all bonds maturing on May 15 in each of the years 2016 through 2030 and on November 15 in each of the years 2016 through 2019, aggregating \$154,875,000 in principal amount; REDEMPTION PRICE: par plus accrued interest; REDEMPTION DATE: November 15, 2015.

CITY OF AUSTIN, TEXAS WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2005A, all bonds maturing on May 15 in each of the years 2016 through 2031, and on May 15 in each of the years 2033 and 2035, aggregating \$5,205,000 in principal amount; REDEMPTION PRICE: par plus accrued interest; REDEMPTION DATE: September 17, 2015.

CITY OF AUSTIN, TEXAS WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2006 (Delayed Delivery), all bonds maturing on November 15 in each of the years 2017 through 2025, aggregating \$34,160,000 in principal amount; REDEMPTION PRICE: par plus accrued interest; REDEMPTION DATE: November 15, 2016.

CITY OF AUSTIN, TEXAS WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2006A, all bonds maturing on November 15 in each of the years 2017 through 2034 and November 15 2036, aggregating \$81,105,000 in principal amount; REDEMPTION PRICE: par plus accrued interest; REDEMPTION DATE: November 15, 2016.

CITY OF AUSTIN, TEXAS WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2007, all bonds maturing on November 15 in each of the years 2018 through 2028, November 15, 2032 and November 15, 2037, aggregating \$110,940,000 in principal amount; REDEMPTION PRICE: par plus accrued interest; REDEMPTION DATE: November 15, 2017.

CITY OF AUSTIN, TEXAS WATER AND WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2009A, maturing on November 15, 2018, aggregating \$4,565,000 in principal amount; REDEMPTION PRICE: par plus accrued interest.

EXHIBIT A
FORM OF BOND

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN, TEXAS,
WATER AND WASTEWATER SYSTEM
REVENUE REFUNDING BOND,
SERIES 2015A

Dated Date:
_____, 2015

Interest Rate:

Stated Maturity:

CUSIP NO:

Registered Owner:

Principal Amount: _____ DOLLARS

The City of Austin (the "City"), a body corporate and municipal corporation in the Counties of Travis, Williamson and Hays, State of Texas, for value received promises to pay to the registered owner named above, or their registered assigns (the "Registered Owner"), solely from the revenues identified in this Bond, on the Stated Maturity date specified above the Principal Amount stated above (or so much of the Principal Amount as shall not have been paid upon prior redemption), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid Principal Amount of this Bond from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the dated date at the per annum rate of interest specified above; such interest being payable on November 15, 2015 and on each succeeding May 15 and November 15 until maturity or prior redemption. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing on this Bond, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount of this Bond may be accomplished without presentation and surrender of this Bond. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Twenty-Fourth Supplemental Ordinance to the Master Ordinance (the "Twenty-Fourth Supplement")) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of

the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/ Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner of this Bond and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$_____ (the "Bonds") for the purpose of refinancing and refunding the Refunded Bonds (identified and defined in the Twenty-Fourth Supplement), in conformity with the Constitution and laws of the State of Texas, including V.T.C.A., Government Code, Chapter 1207, and pursuant to a Master Ordinance and the Twenty-Fourth Supplement adopted by the City Council of the City (collectively referred to as the "Ordinances").

The Bonds maturing on the dates identified below (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Debt Service Fund established and maintained for the payment of the Bonds in the Master Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

Term Bonds due _____
Redemption Date

Principal Amount

Term Bonds due _____
Redemption Date

Principal Amount

 *Final Maturity

 *Final Maturity

Term Bonds due _____
Redemption Date

Principal Amount

 *Final Maturity

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least fifty days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, and delivered to the Paying Agent/Registrar for

cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not previously credited against a mandatory redemption requirement.

The Bonds maturing on and after _____ 15, 202_, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on _____ 15, 202_ or on any date thereafter at the redemption price of par plus accrued interest thereon to the redemption date.

Not less than thirty days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinances. If a Bond (or any portion of its principal sum) shall have been called for redemption and notice of such redemption given, then upon such redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

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

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

The Bonds are special obligations of the City payable solely from and, together with the Prior Subordinate Lien Obligations and the Previously Issued Parity Water/Wastewater Obligations currently Outstanding, and the Series 2015B Bonds (as defined in the Twenty-Fourth Supplement) equally and ratably secured by a parity lien on and pledge of, the Net Revenues of

the Water/Wastewater System in the manner provided in the Ordinances. Additionally, the Bonds and Previously Issued Parity Water/Wastewater Obligations referenced above shall be equally and ratably secured by a parity lien on the funds, if any, deposited to the credit of the Debt Service Fund in accordance with the terms of the Ordinances. THE BONDS ARE NOT SECURED BY A LIEN ON THE RESERVE FUND ESTABLISHED FOR THE BENEFIT OF CERTAIN OF THE PREVIOUSLY ISSUED PARITY WATER/WASTEWATER OBLIGATIONS, AND THE TWENTY-FOURTH SUPPLEMENT DOES NOT REQUIRE THE CITY TO FUND THE RESERVE FUND FOR THE BENEFIT OF THE HOLDERS OF THE BONDS. The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the Water/Wastewater System, except with respect to the Net Revenues. The Holder of this Bond shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the related terms and conditions, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the Water/Wastewater System, in the same manner and to the same extent as the Bonds.

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

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

The City and the Paying Agent/Registrar, and any agent of either, may treat the Registered Owner of this Bond whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest on this Bond, (ii) on the date of surrender of

this Bond as the owner entitled to payment of principal of this Bond at its Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of non-payment of interest on a scheduled payment date and for thirty days after such event, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinances; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Net Revenues of the Water/Wastewater System. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired. The terms and provisions of this Bond and the Ordinances shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF AUSTIN, TEXAS

Steve Adler,
Mayor

COUNTERSIGNED:

Jannette S. Goodall,
City Clerk

(SEAL)

REGISTRATION CERTIFICATE OF COMPTROLLER OF PUBLIC ACCOUNTS

(SEAL)

Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The designated office of the Paying Agent/Registrar in Houston, Texas is the Designated Payment/Transfer Office for this Bond.

U.S. Bank National Association, as
Paying Agent/Registrar

Registration date:

By: _____
Authorized Signature

FORM OF ASSIGNMENT.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number (_____
_____) the within Bond and all rights under this Bond, and irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the 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.

Exhibit B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 21 of the Twenty-Fourth Supplement.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with Section 21 are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

The quantitative financial information and operating data with respect to the City set forth in Tables One through Sixteen B in the main text of the Official Statement.

The financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

Accounting Principles

The accounting principles referred to in Section 21 are the accounting principles described in the notes to the financial statements referred to in the third paragraph under the heading "Annual Financial Statements and Operating Data" above.

EXHIBIT C

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

DRAFT