

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

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

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

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

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

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

69 “Twenty-Fourth Supplement” means Ordinance No. 20150604-___ authorizing the
70 issuance of the Series 2015A Bonds.

71 “Twenty-Fifth Supplement” means this Ordinance No. 20150604-___ authorizing
72 the issuance of the Bonds.

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

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

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

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

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

99 The Twenty-Fourth Supplement and the Twenty-Fifth Supplement are to be
100 adopted concurrently by council. If council does not adopt the Twenty-Fourth
101 Supplement, or if the Series 2015A Bonds are not issued, references to the Twenty-

102 Fourth Supplement and the Series 2015A Bonds set forth in the Twenty-Fifth Supplement
103 have no effect.

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

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

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

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

128 (a) As authorized by Section 1207.007, Texas Government Code, the City
129 Manager or Chief Financial Officer of the City (any one of them, the “Pricing Officer”) is
130 authorized to act on behalf of the City in selling and delivering the Bonds and carrying
131 out the other procedures specified in the Twenty-Fifth Supplement, including selection of
132 the specified maturities or series in whole or in part of the Refunded Bonds to be
133 refunded, determining the aggregate principal amount of the Bonds, the date of the
134 Bonds, any additional or different designation or title by which the Bonds shall be
135 known, the price at which the Bonds will be sold, the years in which the Bonds will
136 mature, the principal amount to mature in each of such years, the rate of interest to be
137 borne by each such maturity, the first interest payment date, the price and terms upon and
138 at which the Bonds shall be subject to redemption prior to maturity at the option of the
139 City, as well as any mandatory sinking fund redemption provisions, the designation of a

140 paying agent/registrar, if different from the Paying Agent/Registrar, and all other matters
141 relating to the issuance, sale, and delivery of the Bonds, all of which shall be specified in
142 the Bond Purchase Agreement, provided that:

143 (i) the aggregate original principal amount of the Bonds shall not exceed
144 \$40,000,000;

145 (ii) the Bonds shall bear interest at a rate not greater than 15.0% per annum and
146 the net effective interest rate (as defined in Chapter 1204) for the Bonds shall not exceed
147 15.0%;

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

151 (iv) the maximum maturity for the Bonds shall not extend beyond November 15,
152 2046.

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

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

162 (c) The Bond Purchase Agreement may contain the terms of sale of the Series
163 2015A Bonds, or the terms of sale of the Series 2015A Bonds may be set forth in a
164 separate agreement, as may be determined by the Pricing Officer.

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

172 The selection and appointment of U.S. Bank National Association, Houston,
173 Texas, to serve as Paying Agent/Registrar for the Bonds is approved and confirmed.
174 Books and records relating to the registration, payment, exchange and transfer of the

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

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

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

212 **SECTION 6: REGISTRATION-TRANSFER-EXCHANGE OF BONDS -**
213 **PREDECESSOR BONDS.** The Paying Agent/Registrar shall obtain, record, and

214 maintain in the Security Register the name and address of each registered owner of the
215 Bonds issued under the provisions of the Twenty-Fifth Supplement. Any Bond may, in
216 accordance with its terms and the terms of the Twenty-Fifth Supplement, be transferred
217 or exchanged for Bonds of other authorized denominations upon the Security Register by
218 the Holder, in person or by his or her authorized agent, upon surrender of the Bond to the
219 Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer
220 or request for exchange executed by the Holder or by his or her authorized agent, in form
221 satisfactory to the Paying Agent/ Registrar.

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

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

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

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

248 Bonds canceled by reason of an exchange or transfer under the provisions of the
249 Twenty-Fifth Supplement are defined to be "Predecessor Bonds," evidencing all or a
250 portion, as the case may be, of the same obligation to pay evidenced by the Bond or
251 Bonds registered and delivered in the exchange or transfer. Additionally, the term

252 “Predecessor Bonds” shall include any mutilated, lost, destroyed, or stolen Bond for
253 which a replacement Bond has been issued, registered and delivered under Section 19 of
254 the Twenty-Fifth Supplement and the new replacement Bond shall be deemed to evidence
255 the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

261 **SECTION 7: BOOK-ENTRY-ONLY TRANSFERS AND TRANSACTIONS.**
262 Notwithstanding the provisions contained in Sections 4, 5 and 6 of the Twenty-Fifth
263 Supplement relating to the payment, and transfer/exchange of the Bonds, the City
264 approves and authorizes the use of the “Book-Entry-Only” securities clearance,
265 settlement and transfer system provided by The Depository Trust Company (“DTC”), a
266 limited purpose trust company organized under the laws of the State of New York, in
267 accordance with the operational arrangements referenced in the Blanket Issuer Letter of
268 Representation, by and between the City and DTC (the “Depository Agreement”).

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

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

287 **SECTION 8: EXECUTION - REGISTRATION.** The Bonds shall be executed
288 on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or
289 impressed on the Bonds and countersigned by the City Clerk. The signature of the

290 officers on the Bonds may be manual or facsimile. Bonds bearing the manual or
291 facsimile signatures of individuals who are or were the proper officers of the City on the
292 Bond Date shall be deemed to be executed on behalf of the City, notwithstanding that
293 those individuals or either of them shall cease to hold the offices at the time of delivery of
294 the Bonds to the Underwriters and with respect to Bonds delivered in subsequent
295 exchanges and transfers, all as authorized and provided in Chapter 1201.

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

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

323 **SECTION 10: FORMS.** The Bonds, the Registration Certificate of the
324 Comptroller of Public Accounts of the State of Texas, the Certificate of Registration, and
325 the form of Assignment to be printed on each of the Bonds, shall be substantially in the
326 forms set forth in the FORM OF BOND set forth in **Exhibit A** to the Twenty-Fifth
327 Supplement, with appropriate insertions, omissions, substitutions, and other variations as
328 are permitted or required by the Twenty-Fifth Supplement, and may have such letters,

329 numbers, or other marks of identification (including identifying numbers and letters of
330 the Committee on Uniform Securities Identification Procedures of the American Bankers
331 Association) and any other legends and endorsements (including insurance legends in the
332 event the Bonds, or any maturities of the Bonds, are purchased with insurance and any
333 reproduction of an opinion of counsel) as may be established by the City or determined
334 by the officers executing the Bonds as evidenced by their execution of the Bonds. Any
335 portion of the text of any Bond may be set forth on the reverse of the Bond, with an
336 appropriate reference on the face of the Bond. The FORM OF BOND set forth in
337 **Exhibit A** to the Twenty-Fifth Supplement will be revised to reflect the terms of the
338 Bond Purchase Agreement and the sale of the Bonds to the Underwriters.

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

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

359 **SECTION 12: PLEDGE.** Subject to the prior claim and lien on the Net Revenues
360 of the Water/Wastewater System to the payment and security of the Prior First Lien
361 Obligations currently Outstanding, including the funding and maintenance of the special
362 funds established and maintained for the payment and security of the Prior First Lien
363 Obligations, the Net Revenues of the Water/Wastewater System are pledged to the
364 payment of the Bonds, and the Bonds, together with the Prior Subordinate Lien
365 Obligations and the Previously Issued Parity Water/Wastewater Obligations currently
366 Outstanding, and the Series 2015A Bonds, shall be equally and ratably secured by a
367 parity lien on and pledge of the Net Revenues of the Water/Wastewater System in

368 accordance with the terms of the Master Ordinance and the Twenty-Fifth Supplement.
369 Additionally, the Bonds and the Previously Issued Parity Water/Wastewater Obligations
370 shall be equally and ratably secured by a lien on the funds, if any, deposited to the credit
371 of the Debt Service Fund in accordance with the terms of the Master Ordinance, the Prior
372 Supplements and the Twenty-Fifth Supplement. It is ordained that the Parity
373 Water/Wastewater Obligations, and the interest on the Parity Water/Wastewater
374 Obligations, shall constitute a lien on the Net Revenues of the Water/Wastewater System
375 and be valid and binding and fully perfected from and after the date of adoption of the
376 Twenty-Fifth Supplement without physical delivery or transfer or transfer of control of
377 the Net Revenues, the filing of the Twenty-Fifth Supplement or any other act, all as
378 provided in Chapter 1208. The owners of the Parity Water/Wastewater Obligations shall
379 never have the right to demand payment out of funds raised or to be raised by taxation, or
380 from any source other than specified in the Master Ordinance, the Prior Supplements and
381 the Twenty-Fifth Supplement.

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

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

402 The required monthly deposits to the Debt Service Fund for the payment of
403 principal of and interest on the Bonds shall continue to be made in the manner provided
404 in this Section until such time as (i) the total amount on deposit in the Debt Service Fund
405 is equal to the amount required to fully pay and discharge all Parity Water/Wastewater

406 Obligations then Outstanding or (ii) the Bonds are no longer outstanding, *i.e.*, fully paid
407 as to principal and interest or all the Bonds have been refunded.

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

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

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

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

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

439 **SECTION 16: TAX EXEMPTION.** The City does not intend to issue the Bonds
440 as obligations described in section 103(a) of the Code.

441 SECTION 17: AMENDMENT OF TWENTY-FIFTH SUPPLEMENT.

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

- 448 (1) Make any change in the maturity of any of the Outstanding Bonds;
449 (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
450 (3) Reduce the amount of the principal payable on the Bonds;
451 (4) Modify the terms of payment of principal of, premium, if any, or interest on
452 the Outstanding Bonds or impose any conditions with respect to such
453 payment;
454 (5) Affect the rights of the owners of less than all of the Bonds then
455 Outstanding;
456 (6) Amend this subsection (a) of this Section; or
457 (7) Change the minimum percentage of the principal amount of Bonds
458 necessary for consent to any amendment;
459

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

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

471 (c) Time Period for Obtaining Consent. If within one year from (i) the date of
472 the first publication of notice or (ii) the date of the mailing by the Paying Agent/Registrar
473 of written notice to the owners of the Bonds, whichever date first occurs if both methods
474 of giving notice are used, the City shall receive an instrument or instruments executed by
475 the owners of at least a majority in Outstanding Principal Amount of the Bonds
476 consenting to and approving such amendment in substantially the form of the copy of
477 such instrument on file with each Paying Agent/Registrar, the governing body of the City
478 may pass the amendatory ordinance in substantially the same form.

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

490 (e) Implementation of Amendment. Upon the passage of any amendatory
491 ordinance pursuant to the provisions of this Section, the Twenty-Fifth Supplement shall
492 be deemed to be amended, and the respective rights, duties and obligations of the City
493 under the Twenty-Fifth Supplement and all the owners of then Outstanding Bonds shall
494 be determined, exercised and enforced in all respects in accordance with the amendment.

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

498 (1) To add to the covenants and agreements of the City contained in
499 the Twenty-Fifth Supplement, other covenants and agreements thereafter to
500 be observed, grant additional rights or remedies to the owners of the Bonds
501 or to surrender, restrict or limit any right or power reserved in the Twenty-
502 Fifth Supplement to or conferred upon the City;

503 (2) To make provision for the purpose of curing any ambiguity, or
504 curing, correcting or supplementing any defective provision contained in the
505 Twenty-Fifth Supplement, or in regard to clarifying matters or questions
506 arising under the Twenty-Fifth Supplement, as are necessary or desirable
507 and not contrary to or inconsistent with the Twenty-Fifth Supplement and
508 which shall not adversely affect the interests of the owners of the Bonds then
509 Outstanding;

510 (3) To modify any of the provisions of the Twenty-Fifth Supplement
511 in any other respect whatever, provided that such modification shall be, and
512 be expressed to be, effective only after all the Bonds outstanding at the date
513 of the adoption of such modification shall cease to be outstanding;

514 (4) To make amendments to the Twenty-Fifth Supplement as may be
515 required, in the opinion of Bond Counsel, to ensure compliance with

516 sections 103 and 141 through 150 of the Code and the regulations
517 promulgated under and applicable to such sections and regulations;

518 (5) To make changes, modifications or amendments as may be
519 necessary or desirable to allow the owners of the Bonds to avail themselves
520 of a book-entry system for payments, transfers and other matters relating to
521 the Bonds, which changes, modifications or amendments are not contrary to
522 or inconsistent with other provisions of the Twenty-Fifth Supplement and
523 which shall not adversely affect the interests of the owners of the Bonds;

524 (6) To make amendments to the Twenty-Fifth Supplement as
525 permitted by Section 21(e) of the Twenty-Fifth Supplement;

526 (7) To make changes, modifications or amendments as may be
527 necessary or desirable to obtain the approval of the Bonds from the Attorney
528 General of Texas, to obtain or maintain the granting of a rating on the Bonds
529 by a Rating Agency, or to obtain or maintain a Credit Agreement or a Credit
530 Facility; and

531 (8) To make changes, modifications or amendments as may be
532 necessary or desirable, which shall not adversely affect the interests of the
533 owners of the Bonds, in order, to the extent permitted by law, to facilitate the
534 economic and practical utilization of interest rate swap agreements, foreign
535 currency exchange agreements, or similar types of agreements with respect
536 to the Bonds. Notice of an amendment may be published by the City in the
537 manner described in clause (b) of this Section; provided, however, that the
538 publication of a notice shall not constitute a condition precedent to the
539 adoption of an amendatory ordinance and the failure to publish a notice shall
540 not adversely affect the implementation of an amendment as adopted
541 pursuant to the amendatory ordinance.

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

550 **SECTION 18: FINAL DEPOSITS; GOVERNMENT OBLIGATIONS.** All or
551 any of the Bonds shall be deemed to be paid, retired and no longer outstanding within the
552 meaning of the Twenty-Fifth Supplement when payment of the principal of, and

553 redemption premium, if any, on the Bonds, plus interest on the Bonds to the due date
554 (whether the due date is by reason of maturity or otherwise) either (i) shall have been
555 made or caused to be made in accordance with the terms of the Bonds, or (ii) shall have
556 been provided by irrevocably depositing with, or making available to, the Paying
557 Agent/Registrar, in trust and irrevocably set aside exclusively for this payment,
558 (1) money sufficient to make the payment or (2) Government Obligations, certified by an
559 independent public accounting firm of national reputation, to mature as to principal and
560 interest in amounts and at the times as will insure the availability, without reinvestment,
561 of sufficient money to make this payment, and all necessary and proper fees,
562 compensation and expenses of the Paying Agent/Registrar with respect to which the
563 deposit is made shall have been paid or the payment thereof provided for the satisfaction
564 of the Paying Agent/Registrar. Once a Bond shall be deemed to be paid under the
565 Twenty-Fifth Supplement, it shall no longer be secured by or entitled to the benefit of the
566 Twenty-Fifth Supplement, the Master Ordinance or a lien on and pledge of the Net
567 Revenues of the Water/Wastewater System, and shall be entitled to payment solely from
568 the money or Government Obligations.

569 Any moneys so deposited with the Paying Agent/Registrar, or an authorized
570 escrow agent, may at the direction of the City also be invested in Government
571 Obligations, maturing in the amounts and at the times as set forth in this Section, and all
572 income from all Government Obligations not required for the payment of the Bonds, the
573 redemption premium, if any, and interest on the Bonds, with respect to which the money
574 has been so deposited, shall be turned over to the City or deposited as directed by the
575 City.

576 Notwithstanding any other provisions of the Twenty-Fifth Supplement, all money
577 or Government Obligations set aside and held in trust pursuant to the provisions of this
578 Section for the payment of the Bonds, the redemption premium, if any, and interest on the
579 Bonds, shall be applied to and used for the payment of the Bonds, the redemption
580 premium, if any, and interest on the Bonds and the income on the money or Government
581 Obligations shall not be considered to be "Gross Revenues" under the Twenty-Fifth
582 Supplement.

583 **SECTION 19: DAMAGED, MUTILATED, LOST, STOLEN, OR**
584 **DESTROYED BONDS.** In the event any Outstanding Bond is damaged, mutilated, lost,
585 stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and
586 delivered, a new bond of the same principal amount, maturity, and interest rate, as the
587 damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for the Bond in the
588 manner provided in this Section. An application for the replacement of damaged,
589 mutilated, lost, stolen, or destroyed Bonds shall be made to the Paying Agent/Registrar.
590 In every case of loss, theft, or destruction of a Bond, the applicant for a replacement bond
591 shall furnish to the City and to the Paying Agent/Registrar security or indemnity as may

592 be required by them to save each of them harmless from any loss or damage with respect
593 thereto. Also, in every case of loss, theft, or destruction of a Bond, the applicant shall
594 furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the
595 loss, theft, or destruction of the Bond, as the case may be. In every case of damage or
596 mutilation of a Bond, the applicant shall surrender to the Paying Agent/Registrar for
597 cancellation the Bond so damaged or mutilated. Prior to the issuance of any replacement
598 bond, the Paying Agent/Registrar shall charge the owner of the Bond with all legal,
599 printing, and other expenses in connection therewith. Every replacement bond issued
600 pursuant to the provisions of this Section by virtue of the fact that any Bond is lost,
601 stolen, or destroyed shall constitute a contractual obligation of the City whether the lost,
602 stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and
603 shall be entitled to all the benefits of the Twenty-Fifth Supplement equally and
604 proportionately with any and all other Bonds issued under the Twenty-Fifth Supplement.

605 Notwithstanding the preceding provisions of this Section, in the event any Bond
606 shall have matured, and no default has occurred which is then continuing in the payment
607 of the principal of, redemption premium, if any, or interest on the Bond, the City may
608 authorize the payment of the same (without surrender of the Bond except in the case of a
609 damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or
610 indemnity is furnished as above provided in this Section. Furthermore, in accordance
611 with Chapter 1206 (specifically Section 1206.022), this Section shall constitute authority
612 for the issuance of any replacement bond without necessity of further action by the
613 governing body of the City or any other body or person, and the duty of the replacement
614 of Bonds is authorized and imposed upon the Paying Agent/Registrar, and the Paying
615 Agent/Registrar shall authenticate and deliver replacement bonds in the form and manner
616 and with the effect, as provided in Section 6 of the Twenty-Fifth Supplement for Bonds
617 issued in exchange for other Bonds.

618 **SECTION 20: TWENTY-FIFTH SUPPLEMENT TO CONSTITUTE A**
619 **CONTRACT; EQUAL SECURITY.** In consideration of the acceptance of the Bonds
620 by the Holders from time to time, the Twenty-Fifth Supplement shall be deemed to be
621 and shall constitute a contract between the City and the Holders from time to time of the
622 Bonds and the pledge made in the Twenty-Fifth Supplement by the City and the
623 covenants and agreements set forth in the Twenty-Fifth Supplement to be performed by
624 the City shall be for the equal and proportionate benefit, security, and protection of all
625 Holders, without preference, priority, or distinction as to security or otherwise of any of
626 the Bonds authorized under the Twenty-Fifth Supplement over any of the others by
627 reason of time of issuance, sale, or maturity thereof or otherwise for any cause
628 whatsoever, except as expressly provided in or permitted by the Twenty-Fifth
629 Supplement.

630 SECTION 21: CONTINUING DISCLOSURE UNDERTAKING.

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

633 “MSRB” means the Municipal Securities Rulemaking Board.

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

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

636 (b) Annual Reports. The City shall provide annually to the MSRB (1) within
637 six months after the end of each fiscal year ending in or after 2015, financial information
638 and operating data with respect to the City of the general type included in the final
639 Official Statement and which is described in **Exhibit B** to the Twenty-Fifth Supplement,
640 and (2) if not provided as part of the financial information and operating data, audited
641 financial statements of the City, when and if available. Any financial statements so to be
642 provided shall be prepared in accordance with the accounting principles described in
643 **Exhibit B** to the Twenty-Fifth Supplement, or other accounting principles as the City
644 may be required to employ from time to time pursuant to state law or regulation, and
645 audited, if the City commissions an audit of the statements and the audit is completed
646 within twelve months after the end of each fiscal year ending in or after 2015. If audited
647 financial statements are not available by the twelve month period, the City will provide
648 notice that the audited financial statements are not available, and will provide unaudited
649 financial information of the type included in the Official Statement by the end of the
650 twelve month period and audited financial statements when and if the audited financial
651 statements become available.

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

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

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

- 662 (1) Principal and interest payment delinquencies;
- 663 (2) Non-payment related defaults, if material;
- 664 (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- 665 (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
666 (5) Substitution of credit or liquidity providers, or their failure to perform;
667 (6) Adverse tax opinions, the issuance by the Internal Revenue Service of
668 proposed or final determinations of taxability, Notices of Proposed Issue
669 (IRS Form 5701-TEB), or other material notices or determinations with
670 respect to the tax status of the Bonds, or other material events affecting the
671 tax status of the Bonds;
672 (7) Modifications to rights of holders of the Bonds, if material;
673 (8) Bond calls, if material, and tender offers;
674 (9) Defeasances;
675 (10) Release, substitution, or sale of property securing repayment of the Bonds, if
676 material;
677 (11) Rating changes;
678 (12) Bankruptcy, insolvency, receivership, or similar event of the City, which
679 shall occur as described below;
680 (13) The consummation of a merger, consolidation, or acquisition involving the
681 City or the sale of all or substantially all of its assets, other than in the
682 ordinary course of business, the entry into a definitive agreement to
683 undertake such an action or the termination of a definitive agreement
684 relating to any such actions, other than pursuant to its terms, if material; and
685 (14) Appointment of a successor or additional paying agent/registrar or the
686 change of name of a paying agent/registrar, if material.
687

688 For these purposes, any event described in the immediately preceding paragraph 12
689 is considered to occur when any of the following occur: the appointment of a receiver,
690 fiscal agent, or similar officer for the City in a proceeding under the United States
691 Bankruptcy Code or in any other proceeding under state or federal law in which a court
692 or governmental authority has assumed jurisdiction over substantially all of the assets or
693 business of the City, or if jurisdiction has been assumed by leaving the existing governing
694 body and officials or officers in possession but subject to the supervision and orders of a
695 court or governmental authority, or the entry of an order confirming a plan of
696 reorganization, arrangement, or liquidation by a court or governmental authority having
697 supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

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

711 The provisions of this Section are for the sole benefit of the Holders and beneficial
712 owners of the Bonds, and nothing in this Section, express or implied, shall give any
713 benefit or any legal or equitable right, remedy, or claim to any other person. The City
714 undertakes to provide only the financial information, operating data, financial statements,
715 and notices which it has expressly agreed to provide pursuant to this Section and does not
716 undertake to provide any other information that may be relevant or material to a complete
717 presentation of the financial results, condition, or prospects of the City or the State of
718 Texas or undertake to update any information provided in accordance with this Section or
719 otherwise, except as expressly provided in this Section. The City does not make any
720 representation or warranty concerning the information or its usefulness to a decision to
721 invest in or sell Bonds at any future date.

722 UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE
723 HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN
724 CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART
725 FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT
726 FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT
727 EVERY RIGHT AND REMEDY OF ANY PERSON, IN CONTRACT OR TORT, FOR
728 OR ON ACCOUNT OF ANY BREACH SHALL BE LIMITED TO AN ACTION FOR
729 MANDAMUS OR SPECIFIC PERFORMANCE.

730 No default by the City in observing or performing its obligations under this Section
731 shall constitute a breach of or default under the Twenty-Fifth Supplement for purposes of
732 any other provision of the Twenty-Fifth Supplement.

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

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

738 Notwithstanding any provisions in the Twenty-Fifth Supplement to the contrary,
739 the provisions of this Section may be amended by the City from time to time to adapt to
740 changed circumstances resulting from a change in legal requirements, a change in law, or
741 a change in the identity, nature, status, or type of operations of the City, but only if (1) the

742 provisions of this Section, as so amended, would have permitted an underwriter to
743 purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule,
744 taking into account any amendments or interpretations of the Rule to the date of the
745 amendment, as well as the changed circumstances, and (2) either (a) the Holders of a
746 majority in aggregate principal amount (or any greater amount required by any other
747 provision of the Twenty-Fifth Supplement that authorizes the amendment) of the
748 Outstanding Bonds consent to the amendment or (b) a Person that is unaffiliated with the
749 City and the State of Texas (such as nationally recognized bond counsel) determines that
750 the amendment will not materially impair the interests of the Holders and beneficial
751 owners of the Bonds. The provisions of this Section may also be amended from time to
752 time or repealed by the City if the SEC amends or repeals the applicable provisions of the
753 Rule or a court of final jurisdiction determines that the provisions are invalid, but only if
754 and to the extent that reservation of the City's right to do so would not prevent
755 underwriters of the initial public offering of the Bonds from lawfully purchasing or
756 selling Bonds in the offering. If the City so amends the provisions of this Section, it shall
757 include with any amended financial information or operating data next provided in
758 accordance with subsection (b) an explanation, in narrative form, of the reasons for the
759 amendment and of the impact of any change in the type of financial information or
760 operating data so provided.

761 **SECTION 22: REMEDY IN EVENT OF DEFAULT.** In addition to all rights
762 and remedies provided by the laws of the State of Texas, the City covenants and agrees
763 particularly that in the event the City (a) defaults in payments to be made to the Debt
764 Service Fund as required by the Twenty-Fifth Supplement or the Master Ordinance, (b)
765 defaults in the observance or performance of any other of the covenants, conditions or
766 obligations set forth in the Twenty-Fifth Supplement or the Master Ordinance or (c) the
767 City declares bankruptcy, the Holders of any of the Bonds shall be entitled to a writ of
768 mandamus issued by a court of proper jurisdiction, compelling and requiring the City and
769 its officers to observe and perform any covenant, condition or obligation prescribed in the
770 Twenty-Fifth Supplement or the Master Ordinance. No delay or omission to exercise any
771 right or power accruing upon any default shall impair any such right or power, or shall be
772 construed to be a waiver of any such default or acquiescence in such default, and every
773 such right and power may be exercised from time to time and as often as may be deemed
774 expedient.

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

778 **SECTION 23: SALE OF BONDS; OFFICIAL STATEMENT APPROVAL.**
779 The Bonds are to be sold by the City to the Underwriters in accordance with the Bond
780 Purchase Agreement. The terms and provisions of the Bond Purchase Agreement are to

781 be determined by the Pricing Officer, in accordance with Sections 3 and 4 of the Twenty-
782 Fifth Supplement. With regard to the terms and provisions of the Bond Purchase
783 Agreement, the Pricing Officer may come to an agreement with the Underwriters on the
784 following, among other matters:

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

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

805 The Mayor and City Clerk of the City may manually or electronically execute and
806 deliver for and on behalf of the City copies of a Preliminary Official Statement and
807 Official Statement, prepared in connection with the offering of the Bonds and the Series
808 2015A Bonds by the Underwriters, in final form as may be required by the Underwriters,
809 and the final Official Statement in the form and content as approved by the Pricing
810 Officer or as manually or electronically executed by the City officials shall be deemed to
811 be approved by council and constitute the Official Statement authorized for distribution
812 and use by the Underwriters.

813 **SECTION 24: ESCROW AGREEMENT.** An "Escrow Agreement" (the
814 "Escrow Agreement") by and between the City and an authorized escrow agent (the
815 "Escrow Agent"), if an agreement is required in connection with the issuance of the
816 Bonds, in substantially the form of escrow agreements previously approved by council in
817 connection with the refunding of outstanding obligations, is approved. The Escrow
818 Agreement is authorized to be finalized and executed by the Pricing Officer for and on
819 behalf of the City and as the act and deed of this council; and the Escrow Agreement as

820 executed by the Pricing Officer shall be deemed approved by the council and constitute
821 the Escrow Agreement approved by the Twenty-Fifth Supplement. With regard to the
822 finalization of certain terms and provisions of the Escrow Agreement, a Pricing Officer is
823 authorized to come to an agreement with the Escrow Agent on the following details,
824 among other matters:

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

829 Furthermore, appropriate officials of the City in cooperation with the Escrow
830 Agent are authorized and directed to make the necessary arrangements for the purchase
831 of the escrowed securities referenced in the Escrow Agreement and the delivery thereof
832 to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to
833 the credit of the "CITY OF AUSTIN, TEXAS, WATER AND WASTEWATER
834 SYSTEM REVENUE REFUNDING BONDS, TAXABLE SERIES 2015B ESCROW
835 FUND" (referred to as the "Escrow Fund"), all as contemplated and provided in Chapter
836 1207, the Twenty-Fifth Supplement, the Bond Purchase Agreement, and the Escrow
837 Agreement.

838 On or immediately prior to the date of the delivery of the Bonds to the
839 Underwriters, the Pricing Officer shall also cause to be deposited (and is authorized to
840 cause to be deposited) with the Escrow Agent from moneys on deposit in the debt service
841 fund(s) maintained for the payment of the Refunded Bonds an amount which, together
842 with the proceeds of sale, and the investment earnings thereon, will be sufficient to pay in
843 full the Refunded Bonds (or the amount of accrued interest due thereon) scheduled to
844 mature and authorized to be redeemed on the earliest date established in the Bond
845 Purchase Agreement for the redemption of any of the Refunded Bonds (or the earliest
846 date of payment, to be made from moneys in the Escrow Fund(s), as established in the
847 Bond Purchase Agreement, of the amount of accrued interest due thereon).

848 **SECTION 25: REFUNDED BONDS.** (a) In order to provide for the refunding,
849 discharge, and retirement of the Refunded Bonds, the Refunded Bonds, identified,
850 described, and in the amounts set forth in the Bond Purchase Agreement, are called for
851 redemption on the first date(s) the Refunded Bonds are subject to redemption or such
852 other date specified by the Pricing Officer in the Bond Purchase Agreement at the price
853 of par plus accrued interest to the redemption dates, and notice of such redemption shall
854 be given in accordance with the applicable provisions of the ordinance(s) adopted by
855 council, which authorized the issuance of the Refunded Bonds. The Pricing Officer is
856 authorized and directed to issue or cause to be issued a Notice of Redemption for each

857 series of the Refunded Bonds in substantially the form(s) required by the ordinance(s)
858 which authorized the issuance of the Refunded Bonds, to each and every paying
859 agent/registrar for Refunded Bonds, in accordance with the redemption provisions
860 applicable to each series of the Refunded Bonds.

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

865 (c) The source of funds for payment of the principal of and interest on the
866 Refunded Bonds on their respective maturity or redemption dates shall be from the funds
867 deposited with the Escrow Agent or the paying agent/registrar for the Refunded Bonds
868 pursuant to the provisions of Chapter 1207, the Twenty-Fifth Supplement and the Bond
869 Purchase Agreement.

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

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

884 **SECTION 27: PROCEEDS OF SALE.** Immediately following the delivery of
885 the Bonds, the proceeds of sale (less those proceeds of sale designated to pay costs of
886 issuance and any accrued interest received from the Underwriters) shall be deposited with
887 the Escrow Agent for application and disbursement in accordance with the provisions of
888 the Escrow Agreement or deposited with the paying agent/registrar for the Refunded
889 Bonds for the payment and redemption of the Refunded Bonds. The proceeds of sale of
890 the Bonds not so deposited with the Escrow Agent (or the paying agent/registrar for the
891 Refunded Bonds) for the refunding of the Refunded Bonds shall be disbursed for
892 payment of costs of issuance, or deposited in the Debt Service Fund for the Bonds, all in
893 accordance with written instructions from the City or its financial advisor. Accrued
894 interest, if any, received from the Underwriters shall be deposited to the credit of the

895 Debt Service Fund, and premium, if any, received from the Underwriters as part of the
896 purchase price of the Bonds shall be used in a manner consistent with Chapter 1201
897 (specifically Section 1201.041(d)).

898 Furthermore, appropriate officials of the City in cooperation with the Escrow
899 Agent, are authorized and directed to make the necessary arrangements for the deposit of
900 funds for the payment of the Refunded Bonds, all as contemplated and provided in
901 Chapter 1207 and the Twenty-Fifth Supplement.

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

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

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

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

926 **SECTION 31: LIMITATION OF BENEFITS WITH RESPECT TO THE**
927 **TWENTY-FIFTH SUPPLEMENT.** With the exception of the rights or benefits
928 expressly conferred in the Twenty-Fifth Supplement, nothing expressed or contained in
929 the Twenty-Fifth Supplement or implied from the provisions of the Twenty-Fifth
930 Supplement or the Bonds is intended or should be construed to confer upon or give to any
931 person other than the City, the Holders, and the Paying Agent/Registrar, any legal or

932 equitable right, remedy, or claim under or by reason of or in respect to the Twenty-Fifth
933 Supplement or any covenant, condition, stipulation, promise, agreement, or provision
934 contained in the Twenty-Fifth Supplement. The Twenty-Fifth Supplement and all of the
935 covenants, conditions, stipulations, promises, agreements, and provisions of the Twenty-
936 Fifth Supplement are intended to be and shall be for and inure to the sole and exclusive
937 benefit of the City, the Holders, and the Paying Agent/Registrar as provided in the
938 Twenty-Fifth Supplement and in the Bonds.

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

945 In any case where notice to Holders is given by mail, neither the failure to mail the
946 notice to any particular Holders nor any defect in any notice so mailed shall affect the
947 sufficiency of the notice with respect to all other Bonds. Where the Twenty-Fifth
948 Supplement provides for notice in any manner, the notice may be waived in writing by
949 the Holder entitled to receive the notice, either before or after the event with respect to
950 which notice is given, and the waiver shall be the equivalent of the notice. Waivers of
951 notice by Holders shall be filed with the Paying Agent/Registrar, but a filing shall not be
952 a condition precedent to the validity of any action taken in reliance upon the waiver.

953 **SECTION 33: GOVERNING LAW.** The Twenty-Fifth Supplement shall be
954 construed and enforced in accordance with the laws of the State of Texas and the United
955 States of America.

956 **SECTION 34: EFFECT OF HEADINGS.** The Section headings in the Twenty-
957 Fifth Supplement are for convenience of reference only and shall not affect the
958 construction of the Twenty-Fifth Supplement.

959 **SECTION 35: CONSTRUCTION OF TERMS.** If appropriate in the context of
960 the Twenty-Fifth Supplement, words of the singular number shall be considered to
961 include the plural, words of the plural number shall be considered to include the singular,
962 and words of the masculine, feminine or neuter gender shall be considered to include the
963 other genders. References to any named person shall mean that person and his or her
964 successors and assigns. References to any constitutional, statutory or regulatory provision
965 means the provision as it exists on the date the Twenty-Fifth Supplement is adopted by
966 council. Any reference to the payment of principal in the Twenty-Fifth Supplement shall
967 include the payment of any mandatory sinking fund redemption payments as described in
968 the Twenty-Fifth Supplement. Any reference to "FORM OF BOND" refers to the form
969 of the Bonds in **Exhibit A** to the Twenty-Fifth Supplement.

970 **SECTION 36: SEVERABILITY.** If any provision of the Twenty-Fifth
971 Supplement or its application to any circumstance shall be held to be invalid, the
972 remainder of the Twenty-Fifth Supplement and its application to other circumstances
973 shall nevertheless be valid, and council declares that the Twenty-Fifth Supplement would
974 have been enacted without such invalid provision.

975 **SECTION 37: INSURANCE.** The Bonds may but are not required to be sold
976 with the principal of and interest being insured by a qualified municipal bond insurance
977 provider. The Pricing Officer is authorized to make the selection of municipal bond
978 insurance (if any) for the Bonds and to determine the provisions of any commitment for
979 the municipal bond insurance. The Pricing Officer is authorized to execute any
980 agreement with a qualified municipal bond insurance provider in connection with
981 obtaining municipal bond insurance. In addition, if municipal bond insurance is
982 obtained, the City will comply with the conditions applicable to the Bonds as set forth in
983 the commitment or agreement entered into with the provider, as if the conditions were
984 incorporated in the Twenty-Fifth Supplement.

985 **SECTION 38: PUBLIC MEETING.** It is officially found that the meeting at
986 which the Twenty-Fifth Supplement is adopted was open to the public and public notice
987 of the time, place, and subject matter of the public business to be considered at such
988 meeting, including the Twenty-Fifth Supplement, was given; all as required by Chapter
989 551.

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

PASSED AND APPROVED

CITY OF AUSTIN, TEXAS

_____, 2015

§
§
§

STEVE ADLER
Mayor

APPROVED:

ATTEST:

ANNE MORGAN
Interim City Attorney

JANNETTE S. GOODALL
City Clerk

(City Seal)

DRAFT

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,
TAXABLE SERIES 2015B

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-Fifth Supplemental Ordinance to the Master Ordinance (the "Twenty-Fifth 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-Fifth 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-Fifth 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 _____ <u>Redemption Date</u>	<u>Principal Amount</u>	Term Bonds due _____ <u>Redemption Date</u>	<u>Principal Amount</u>
_____ *Final Maturity		_____ *Final Maturity	
Term Bonds due _____ <u>Redemption Date</u>	<u>Principal Amount</u>		
_____ *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 2015A Bonds (as defined in the Twenty-Fifth 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-FIFTH 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)

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(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-Fifth 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